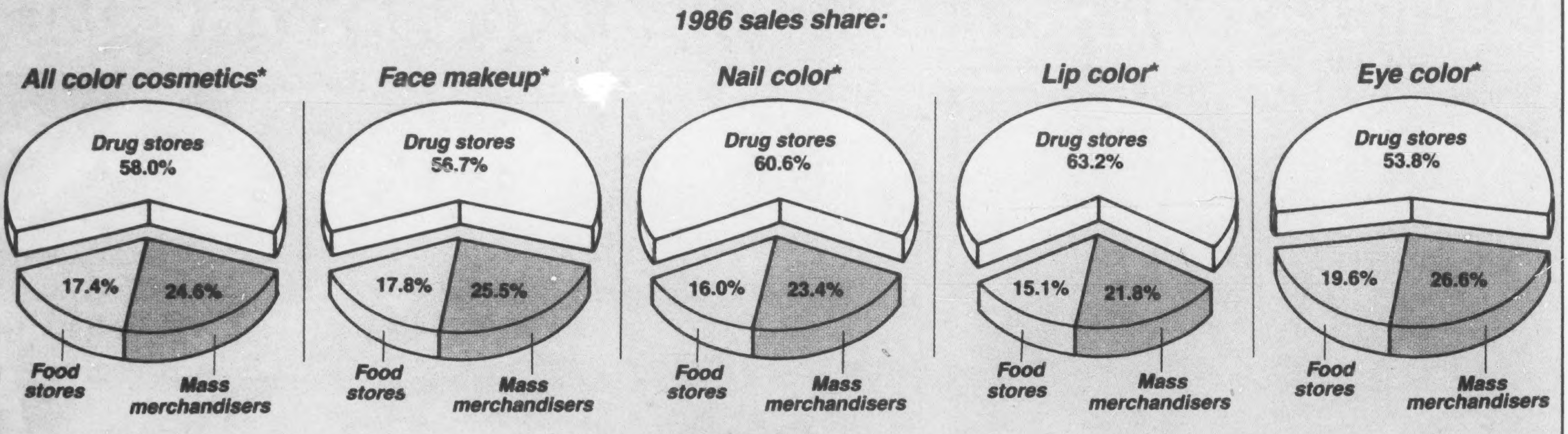


*Mass market sales only

Source: Nielsen Marketing Research

Chains report cosmetic launches gain momentum

Continued from page 22

sales this past year.

Russell said that thanks to all the product introductions this past year, SupeRx's cosmetics sales have been growing "at double-digit rates."

Fragrance sales, he said, have been even stronger, but that was also because SupeRx streamlined its fragrance inventory, weeded out slow turners, brought in less "cardboard" in the form of excess prepacks and took a marketing position behind the brands with the highest brand shares or the best chances for market share gain.

Skin treatments growing

In the skin care category, treatment sales have been showing moderate to strong growth, and buyers are unanimous in saying that the new Revlon Anti-Aging cream is selling well, along with the Almay treatment lines, the Coty Overnight Success cellular replacement line and Revlon's European Collagen line.

There is cautious optimism that sales in the skin care treatment segment, particularly the anti-aging and wrinkle preventive categories, are about to take off.

Most buyers point out that the segment's sales are exceptional in department stores and that Revlon's success with its Anti-Aging in drug stores may be the start of a new trend. They add that the overall growth in their Revlon, L'Oreal, Almay and Factor cosmetic sales could be an indication that drug stores are beginning to be "taken seriously" as a place to buy "better cosmetics."

A few buyers say they see a corresponding "slight fall-off" in some of their budget-line cosmetics sales, but the consensus is that the mass prestige brands have been attracting the more upscale cosmetics shopper.

"Revlon's new lip and nail line has been setting records in our planogram," said SupeRx's Russell.

"At the time time, we've seen increases in L'Oreal, Max Factor, Almay, etc. I think all the new packaging and the new launches have increased the awareness of the category in the eyes of the cosmetic customer. We're now being perceived as a place to buy the better brands."

Repackaging impact

A few buyers report that the companies that have not repackaged this year are losing share to some of those that have. Several buyers said they are seeing a fall-off in L'Oreal's nail and lip color sales because of the Revlon and Max Factor repacks.

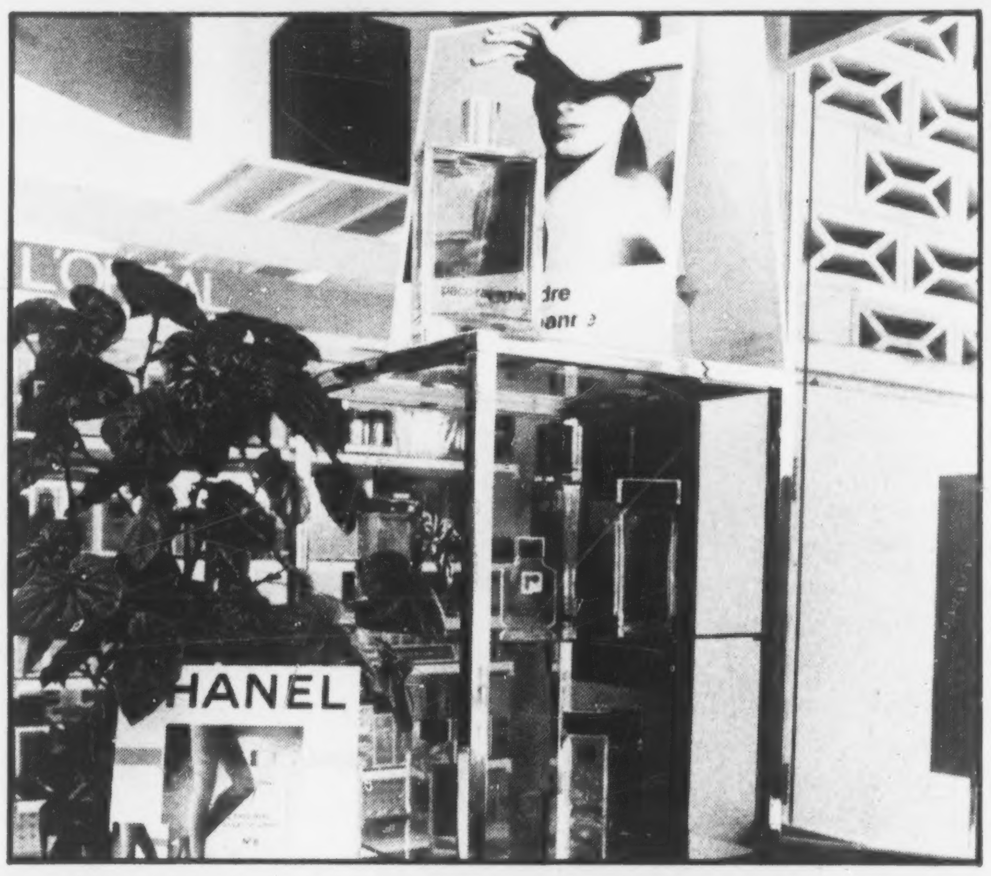
"One of L'Oreal's strengths before," said Begley's Carpenter, "was its packaging. It was so attractive they could charge 50-75 cents more and still sell well.

"Now, however, everyone has nice packaging, and it's hard to get the customer to spend those extra pennies."

Carpenter pointed out that some of the budget cosmetics manufacturers are also giving the mass prestige brands a run for their money on color promotions.

"Just a few years ago," she said, "there was no doubt that L'Oreal, Revlon, etc., had the best and hottest colors. Now, some of the budget lines have really good colors and very

Continued on page 34



The boutique look is catching on in chain drug store cosmetic departments. Little touches like a plant accenting a fragrance display or an attractive bottle positioned by itself at the top of a display gives the department a "classier" feel.

All color cosmetic sales: shares by retail segments

(mass market color cosmetics only)

Year	Drug stores	Food stores	Mass merchandisers
1986	58.0%	17.4%	24.6%
1985	59.1	16.5	24.4
1984	59.9	16.6	23.5
1983	62.0	16.2	21.8
1982	64.9	15.2	19.9

Source: Nielsen Marketing Research

Growth in color cosmetic sales by retail segments

(% change 1986 vs. 1985)

Category	Drug stores	Food stores	Mass merchandisers
Eye color	4%	10.3%	10.0%
Lip color	8	14.0	9.0
Nail color	6	17.0	8.0
Face makeup	9	20.0	12.0
All color cosmetics	7	15.0	10.0

+ Mass market retail sales only

Source: Nielsen Marketing Research

More drug chains are using the space above their pegged sections to create opportunies for tie-in and incremental sales. A popular tactic is to mix some fragrances in with color cosmetics.

In the Jean Coutu drug stores in Canada, cosmetic and fragrance sections are given "department store treatment."

Buyers eye sales trends in fragrances

Continued from page 31

nice displays."

At Begley, the Wet 'n Wild and Artmatic lines have been particularly successful, she added. Other buyers singled out the Emerge line as "very good."

The word on fragrances

In fragrances, the early word on Glorious and Intimate is that both new brands are selling strongly and are being well-supported by Cosmair and Revlon.

Masquerade, which Prince Matchabelli launched last Christmas, is considered "dead"; the main problem seemed to be lack of support for the brand.

Reports on Krystle are mixed, with some buyers saying the brand is holding its own and others saying sales are trending down gradually. Revlon's Scoundrel Musk is said to be doing well, but most buyers report the Scoundrel fragrance itself still hasn't caught on.

Buyers are seeing the same effect with the Jovan fragrance line: The Musk is strong, but the rest of the line is relatively flat.

In men's fragrances, the best sellers continue to be Cosmair's Chaps and Coty's Stetson, with early reports on Colonia's new Dallas line indicating the brand shows promise.

Reports on Beecham's new Adidas line are still not encouraging. Several buyers said the line was not moving well, and no one identified the line as a best seller.

NOTHING MOVES FASTER THAN A PRODUCT THAT KEEPS ITS PROMISE.
Neutrogena Conditioner
oil-free for clean conditioning
Neutrogena Moisture
Facial Cleansing Formula
Liquid Neutrogena
the unique transparent bar
Neutrogena
oily skin formula
original formula
dry skin formula
norwegian formula
Neutrogena Hand Cream
So concentrated—only a dab is needed.
Neutrogena Therapeutic T/Gel Conditioner
Neutrogena Therapeutic T/Gel Shampoo
Fights Itchy, Flaking Scalp
rainbath
body lotion
body oil
Neutrogena Shampoo
especially formulated for everyday use

New Neutrogena Conditioner offers your customers a unique promise: it's the first conditioner to give hair body and shine without leaving fatty, oily residues that weigh hair down. Like Neutrogena Shampoo, Neutrogena Conditioner is destined to be a shining success in your stores. Watch the sales excitement double! That's a promise.

©1986 Neutrogena Corp.

TO ALL RETAILERS INCLUDING FOOD AND DRUG

Shelfvision, Inc. announces an in-store advertising program which is applicable to all retailers of Consumer Packaged Products. Shelfvision display devices will be provided for installation in qualifying retail outlets. An alternative program is available to those retail outlets not qualifying. Payments will be made on an equal and proportionate basis to all retailer participants.

For further information on Shelfvision in your outlets, please contact within 30 days of this publication.

Shelfvision, Inc.
A Subsidiary of Cooperative Marketing Co
1000 Tower Lane
Bensenville, IL 60106

IMPORTANT NOTICE TO RETAILERS

Scott periodically makes available Performance Allowances on special short-term promotions of specific Scott products.

Payments are made for advertising in newspapers, handbills, radio or television; special price features; displays; extra trading stamps; store coupons; and other consumer directed promotions. Merchandising materials consisting of display material, newspaper mats, repros, etc. are also made available. Such services and materials are designed so that one or more of them may be used by all retailers.

For details, contact your supplier, local Scott Representative or write directly to:

**SCOTT PAPER COMPANY
DEPARTMENT C—PROMOTION
SCOTT PLAZA 1
PHILADELPHIA, PA 19113**

SCOTT

MERCHANDISE MNGRS./BUYERS

PRICE-RITE STORES, INC., a growing retail/wholesale warehouse drug store chain has ground floor career opportunities for Merchandise Managers/Buyers. Qualified candidates will be responsible for vendor items & pricing selection.

Applicants will have previous background in H.B.A. sundries, food buying and merchandising. Experience in a high volume buying capacity preferred.

We offer an excellent salary, benefits package and equity incentives. For confidential consideration send resume to:

**PRESIDENT
PRICE-RITE STORES, INC.
8265 W. Granite Dr.
Roseville, CA 95661**

An Equal Opportunity Employer M/F

Gallup offers insight into cosmetics/scent shoppers

In 1986, the profitable cosmetics/fragrance departments of chain drug stores generated some $1.6 billion in dollar revenues and accounted for approximately 5.3% of all chain drug store sales.

Cosmetics was the fifth-fastest growing category in the retail drug store marketplace in 1986. Out of 12 core drug store departments, it was the sixth most profitable in bottom-line dollars.

To many drug store executives, the cosmetics and fragrance department is their most important developmental franchise, second only to pharmacy in consumer appeal.

Retailers optimistic

Retailers tell *Drug Store News* that cosmetics is also one of the few categories in their stores in which they feel they might be able to generate double-digit growth increases well into the 1990's.

Walgreens, Eckerd, Peoples, SupeRx and Revco, for example, are trying to maximize the potential of their cosmetics/fragrance departments by improving the assortment in the merchandise mix, expanding and reconfiguring the location of the department within new and existing stores and training salesclerks to offer shoppers more personalized, attentive service.

Don't fully understand

Yet drug store executives also tell *Drug Store News* they don't fully understand the cosmetics and fragrance customer. They're not sure just what the average woman is looking for when she walks into their stores to buy a lipstick or a cologne.

Is ambience as important as convenience in attracting the cosmetics purchase?

The Gallup survey tells *Drug Store News* that American women are not dramatically increasing their use of color cosmetics. Cheek blush is used by 81% of all women.

Can a retailer sell a Revlon, Clarion, Almay or L'Oreal color cosmetic to the woman who says she usually buys Clinique or Estee Lauder in department stores?

Is price the key motivator of a sale, or are service, convenience and efficiency equally as important?

What cosmetics brands does the average women want to see advertised in drug store promos?

And which are the fragrances that women are buying as their "everyday" scents?

Go to the source

There is only one way to get answers to these questions, of course. That's by asking the average American woman how she buys and uses cosmetics and fragrances.

So that's what *Drug Store News* did earlier this year, in a special survey commissioned with the Gallup Organization, the marketing and attitude research company headquartered in Princeton, N.J.

In the stories that follow, *Drug Store News* reports on the Gallup findings in areas that we think have key impact on drug store sales.

Key information

Here are some of the things we'll give you information on:

- The percentage of American women who normally use perfume, cologne, nail polish, lipstick, mascara, cheek blush, eye liner and eye shadow.
- Changes in the frequency of use: How many adult women are using fragrance or nail polish or other color cosmetics "more often" today than several years ago?
- Brand preferences by category segment. How many women, for instance, report regularly using Revlon's nail polish vs. say, Maybelline's or Avon's.
- Where women "sometimes" shop for cosmetics and fragrances, and where they say they most often shop for these products.
- Why they choose the stores they "most often" shop.
- What women say drug stores should do to make their stores "better" places to shop for fragrances and cosmetics.

The methodology for the study was a telephone survey of approximately 500 adult women, age 18 and older. This study is a nationally representative projectable sample of all adult American women.

Because space does not allow us to report on all the findings from the survey, including all the demographic breakouts by geographic region, income, race, marital status and household size, *Drug Store News* has distilled this report into the findings we consider most critical to our readers.

More data available

However, for those who would like to learn more about the findings—to discover, for example, whether women living in the East prefer different fragrances or different brands of nail polish or eye shadow from women who live in the South, West or Midwest—contact Liz Parks, Special Projects Editor, *Drug Store News*. We'll be glad to send copies of portions of the study to anyone who is interested.

Meantime, we hope you enjoy reading the special report that follows.

Index

Most popular color cosmetic brands p. 46
Where women buy color cosmetics p. 47
How women buy cosmetics: Impulse sales ....p. 47
How many and how frequently women use fragrances ..p. 48
Most popular fragrance brands...p. 50
Where women buy fragrances ....p. 50
How drug stores can enhance fragrance shopping .....p. 56
How women choose fragrances ....p. 56

Lipstick sweeps survey among older consumers

According to the Gallup consumer survey of cosmetics and fragrance users commissioned by *Drug Store News*, lipstick is the most commonly used color cosmetic. Surprisingly, the incidence of use is higher among consumers age 35 and older than among younger consumers.

The Gallup poll found that 93% of all women age 35-49 and 85% of all women over 50 use lipsticks—and most indicated they use it with the same frequency today as they did several years ago.

Less popular with young

However, lipsticks are somewhat less popular today with younger consumers than are most other color cosmetics. For example, 86% of all woman age 18-24 use lipstick, but 96% use cheek blush and at least 90% use eye shadow, mascara and nail polish.

Buyers say this may be because today's younger women are substituting lip glosses for lipsticks, or because the use of bold color on the lips is not regarded as especially stylish in an era in which women are trying to look more natural.

Buyers and cosmetics salesclerks at Genovese, Peoples, Walgreens and Fay's, for example, are telling *Drug Store News* that the better-selling lipstick shades in their stores are the subtle colors, such as pink, peach, mauve and the lighter reds.

Eye liners least used

The least popular color cosmetics, according to the Gallup survey, are eye liners. Fewer than six out of every 10 women polled said they currently use them.

The incidence of use was the highest among women age 18-24, which buyers say is no surprise, and among women age 35-49.

Buyers expressed surprise to learn than usage dropped off between the ages of 25 and 34. The best explanation anyone could offer for that finding was that women in that age group may be so busy with

Continued on page 39

Nearly seven out of every ten women use eye shadow today, and the most popular brands are Maybelline and Cover Girl.

Older women use lipsticks most frequently

Continued from page 36

families, work and other responsibilities that they cut that extra makeup step out of their lives as a time saver.

"As their children get older and their lives become simpler again," one buyer speculated, "they seem to go back to making up more fully."

Another buyer reasoned that women in their mid-30's may be re-entering the workforce and perceiving eye liners as a necessity for giving them a more professional, polished look.

Cosmetics use by age group

Mascara was the most commonly used color cosmetic in the 25-34 age group, but there was less use of eye shadow, nail polish, lipstick, and eye liner among this group than among women age 18-24 or 35-49.

Manufacturers seem to be reaching women age 25-34 effectively with their marketing messages, however. This age group said it was using different types of color cosmetics more often today than several years ago.

Nearly three out of every 10 women age 25-34 said they were using more nail polish today than several years ago, while four out of every 10 said they were using more lipstick, and about three out of every 10 said they were using more mascara, cheek blush and eye shadow.

Age 50-plus women

For the woman over 50, the most popular color cosmetic was lipstick. It was used by more than eight out of every 10 women.

Lipstick was followed by cheek blush and nail polish, which were both used by nearly two out of three women.

Just four out of every 10 women over 50 reported using eye shadow and mascara, and just three out of every 10 said they used eye liners. Women in this age bracket were more likely to be using color cosmetics in about the same way as they did several years ago.

Buyers told *Drug Store News* that, based on the current incidence and frequency of use, they believe the best color cosmetics to promote and expand today are:

- The nail polishes, used by 75% of all women. A total of 18% of all women say they are using nail polish more frequently today than several years ago.
- Lipsticks, used by 85% of all women, with four out of every 10 women age 18-34 reporting they use lipsticks more frequently today than several years ago.
- Eye shadows, used by nearly 70% of all women, with nearly three out of every 10 women age 18-49 saying they are using eye shadows more often today than several years ago.
- Cheek blushes, used by 81% of all women, with about three out of 10 women age 18-49 reporting they are using blushes more often today than several years ago.

Because eye liners and mascaras have the least general appeal, these categories are best limited to promotions in markets where there are younger women and women with household incomes of more than $15,000 a year, according to buyers. Space allocations can also be kept tight in these segments if sell space is at a premium.

Women use color cosmetics

(% breakdown by age)

Segment	All women	18-24	25-34	35-49	50 plus
Nail polish	75.3%	89.7%	80.4%	81.7%	64.7%
Lipstick	85.4	85.7	78.7	93.1	85.1
Eye shadow	68.9	91.4	83.3	88.8	41.6
Mascara	70.7	90.3	90.1	90.2	41.6
Eye liner	56.5	86.5	59.4	78.3	31.6
Cheek blush	81.3	96.0	88.9	88.6	68.0

Source: The Gallup Organization for *Drug Store News*

Most cosmetic purchasers, attracted by convenience, prefer shopping in drug stores for their makeup items.

Finally, a product women have been asking for—designer fragrances in a solid form.

Skin Scents™

THE WORLD'S BEST LOVED FRAGRANCES FOR WOMEN ON THE GO!
Skin Scents
Try the silky-smooth feel of SkinScents™ Solid Perfumes. Colorless on skin

Skin Scents Solid Fragrances

- the essence of eight of the top selling designer fragrances
- can be used as the primary fragrance or as a scent freshener for designer colognes and perfumes
- the unique solid formulation and convenient compact packaging are ideal for purses, gym bags... even pockets!

The perfect personal fragrances for active women.

Skin Scents has fragrance alternatives for Giorgio™ Obsession,™ Oscar de la Renta,™ White Linen,™ Lauren,™ Opium,™ Poison,™ and Anaïs Anaïs.™

*The manufacturers, distributors and trademarks of these designer fragrances are not related in any manner to ProCare Industries, Ltd. Skin Scents,™ Skin Scents products contain fragrances by ProCare.

Ask your ProCare Representative or wholesaler for details on buying allowances and co-operative advertising allowances on Skin Scents; or call ProCare at 1-800-222-9548.

ProCare
INDUSTRIES LTD.

Another fine product from ProCare
ProCare Industries, Ltd. • 7257 S. Revere Parkway
Englewood, CO 80112 • (303) 799-3535

Poll shows popular color cosmetics

Users pick favorite brands of lipsticks

Brand used most often	Users
Avon	19.1%
Revlon	16.3
Estee Lauder	11.5
Cover Girl	9.5
Maybelline	6.7
Clinique	5.7
Max Factor	5.3
L'Oreal	3.5
Elizabeth Arden	2.8
Mary Kay	2.6
Coty	2.2
Fashion Fair	1.4
Merle Norman	1.1
Almay	1.0

Source: The Gallup Organization for *Drug Store News*

Users pick favorite brands of nail polish

Brand used most often	Users
Revlon	24.2%
Avon	17.2
Cover Girl	11.3
Maybelline	8.5
L'Oreal	8.2
Cutex	8.0
Sally Hansen	4.9
Max Factor	3.5
Wet 'n' Wild	1.7
Fashion Fair	1.1

Source: The Gallup Organization for *Drug Store News*

In nail polishes, Revlon is far and away the most popular brand: 24% of nail polish users reported that Revlon was the brand they bought the most often.

Avon was a weak second, with 17% selecting it as a favorite brand, and Cover Girl was third with 11%.

Maybelline, L'Oreal and Cutex each were selected by 8% as a favorite brand. Sally Hansen was mentioned by about 5%, and Max Factor by nearly 4%.

In the younger age group, Maybelline was the preferred nail polish brand, with Avon a strong second choice.

L'Oreal was the second most popular brand with women 25 to 34, and the fourth most popular brand with women 18 to 24.

Cutex made it into the top five brands with women over 35, and Sally Hansen was ranked as a top five brand with women over 50.

More glamor needed

Buyers say the problem with Cutex and Sally Hansen is that their ads do not seem to be "glamorous enough" to attract the younger consumers.

The race for favorite brand status was hotter between Revlon and Avon in the lipstick category.

Avon made it into the top place with nearly two out of every 10 women choosing it as a favorite brand, but Revlon was a close second with 16% of all users selecting it as their favorite lipstick.

Estee Lauder was third with 11.5% of the vote while Cover Girl was chosen by 9.5% of all users. Maybelline got 6.7% of the vote; Clinique received 5.7%; Max Factor, 5.3%, and L'Oreal, 3.5%.

Age data given

Looking at the data by age breakouts, Avon retained its number one position with every age group except the women 25 to 34. Their first preference was for Maybelline, with Revlon a very close second, and Avon a close third.

Revlon, oddly enough, was just the fifth most popular brand with women 18 to 24. Their runaway favorite was Avon, chosen by nearly two out of every 10 women in this age group.

Eye makeup standings

Revlon, which clearly dominated the nail polish category as a favorite mass market brand, was not nearly as popular in the eye makeup category. Neither was Avon, which came in third.

The clear cut favorite here was Maybelline with 25% of all eye makeup users choosing Maybelline as their favorite eye makeup brand. Another 15% picked Cover Girl.

Avon was chosen by 12% of all users, Estee Lauder by 8%, Mary Kay and Clinique each by 5%, and Revlon by 6%.

Maybelline was the eye make-up choice with all users except those over 50. In the 50 plus category, Maybelline tied with Estee Lauder as the favorite of 15% of all consumers.

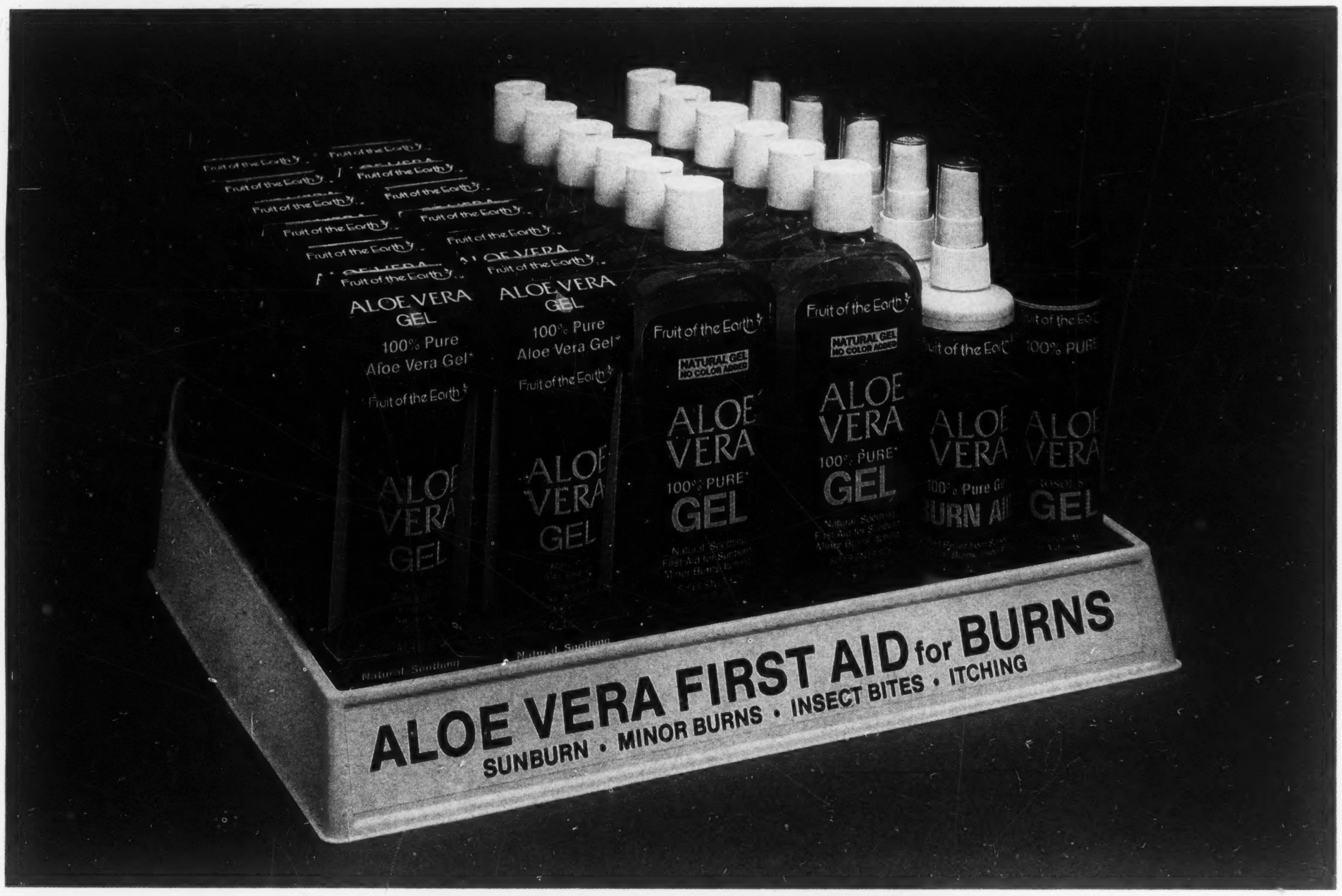
Cover Girl was named a Top Five favorite by all age groups. Specifically, 18% of all users 18 to 24 preferred Cover Girl, while 13% of all the users over 50 also preferred it.

L'Oreal was only mentioned as a Top Five favorite by women 25 to 34. Revlon made it into the top five twice, chosen as a favorite by women between the ages of 25 and 34 as well as those between 35 and 49.

Users pick favorite brands of eye makeup

Brands	Users
Maybelline	25.3%
Cover Girl	15.1
Avon	12.3
Estee Lauder	7.9
Revlon	6.0
Mary Kay	4.9
Clinique	4.6
Max Factor	2.9
Aziza	2.3
L'Oreal	2.3
Almay	2.1
Merle Norman	1.5
Lancome	1.2

Source: The Gallup Organization for *Drug Store News*


Fruit of the Earth
ALOE VERA GEL
100% Pure Aloe Vera Gel
ALOE VERA 100% PURE GEL
NATURAL GEL NO COLOR ADDED
ALOE VERA 100% Pure BURN AIR
ALOE VERA FIRST AID for BURNS
SUNBURN • MINOR BURNS • INSECT BITES • ITCHING

Fruit of the Earth T.M.

ALOE VERA BURN & SKIN CARE CENTER

First Aid Products for Sunburn, Minor Burns, Insect Bites.
100% PURE ALOE VERA CRYSTAL CLEAR GELS & SPRAYS

NO. PIECES	ITEM NO.	ASSORTMENT NO. 7327*	REGULAR COST		ASSORTMENT COST
			DOZEN	EACH	
6	138	Aloe Vera Burn Air Natural Spray, 8 oz.	32.00	2.666	16.00
6	139	Aloe Vera Gel Aerosol Spray, 4 oz.	24.24	2.020	12.12
12	134	Aloe Vera Gel, 4 oz. Tube	16.67	1.389	16.67
12	120	Aloe Vera Gel, 12 oz.	35.15	2.929	35.15

*SHIPPED WITH
HEAVY DUTY
WHITE PLASTIC
COUNTER/SHELF
DISPLAY, 12" DEEP.

REGULAR COST	79.94
LESS SPECIAL 8⅓% DISCOUNT	-6.67
YOUR SPECIAL COST	73.27

PLUS 10% AD ALLOWANCE
BY SEPARATE CHECK UPON PROOF OF PERFORMANCE

NATIONAL SALES OFFICES
P.O. BOX 152044, IRVING TX 75015-2044

PHONE TOLL FREE 1-800-527-7731 In Texas Please Call 214-790-0808

Gallup/DrSN cosmetics-fragrance shopper survey

Dept. stores, drug units compete for cosmetic sales

A third of all cosmetics purchasers say they sometimes buy their cosmetics in department stores, while 26% say they sometimes buy them in regular drug stores.

However, department stores are more likely than drug stores to get women to buy "most" of their cosmetics in their specific stores.

According to the *Drug Store News*-sponsored Gallup study of cosmetics consumers, 80% of all women who say they sometimes buy cosmetics in department stores also say they "most often" buy their cosmetics in this type of store.

In contrast, however, just 62% of all consumers who sometimes buy cosmetics in regular drug stores say they "most often" shop for cosmetics there.

Gallup also found that just 68% of all consumers who said they sometimes bought cosmetics in discount drug stores also said they "most often shopped" there for cosmetics.

Preferences cited

Women between the ages of 25 and 34 are the most likely to choose a regular drug store for the cosmetics they purchase "most often," according to the Gallup survey. Other popular stores for this age group are department stores and discount department stores.

However, this is also the age group that is least attracted to a discount drug store for a cosmetics purchase.

Just 13% of all the women 25 to 34 said they shopped discount drug stores for most of their cosmetic purchases, compared to 21% who said they shopped a regular drug store "most often" for cosmetics.

Oddly enough, however, women age 18 to 24 and women age 35 to 49 showed a lower occurence of most often shopping regular drug stores for cosmetics. They preferred to make more of their cosmetics purchases in discount drug stores, department stores, and discount department stores.

Buyers say they aren't sure why these trends exist, unless women in these two age groups are responding to the discount stores for price and the department stores for service and upscale brands.

According to the Gallup survey, women in these age groups did have a preference for Estee Lauder and Clinique eye makeup, both department store brands that are generally not available in regular drug stores.

Brand-store relationship

Gallup also found that there was a relationship between certain brand preferences and the types of retail stores "most often" shopped for cosmetics.

The typical Maybelline and L'Oreal brand user, for example, tended to make her cosmetics purchases "most often" in some type of drug store.

Revlon, however, which has strong distribution in both types of outlets, was purchased just as frequently in department stores as in drug stores.

Users of Clinique and Estee Lauder, of course, commonly reported making most of their cosmetics purchases in department stores.

Opinions sought

Drug Store News had Gallup ask consumers what they thought drug store executives could do to make their stores "better places to shop for cosmetics."

Remarkably, 27% of all consumers who shop regular drug stores for cosmetics said their stores were fine "just as is." Some 20% of those who shopped discount drug stores for cosmetics also gave that answer.

Some 14% of discount drug store shoppers, however, did say they would like to see more competitive pricing, while 10% said they would like more service assistance "when needed."

Nine percent of all discount drug store shoppers also wanted more variety in selections and more colorful displays, while in regular drug stores, some 13% of all shoppers also wanted more "variety" in the selections carried within the store.

Another 10% wanted more displays, and 9% more service when needed.

Just 7% of all regular drug store shoppers, however, said that more competitive pricing would make their drug stores better places to shop for cosmetics.

There were only a few women who thought drug stores needed to become more convenient or "less hectic" to shop or more efficient. Most women, too, were satisfied with the quality of the brands carried in drug stores.

Just 2% of regular drug store shoppers said their stores could carry better brands, and just 4% of all cosmetic users felt that drug stores needed to stock better brands.

Stores where women buy cosmetics most often

Store type	All women	18-24	25-34	35-49	50 plus
Department	26.5%	23.5%	21.1%	21.0%	34.0%
Reg. drug store	16.1	12.6	20.8	13.8	15.8
Discount drug store	15.4	17.7	12.7	17.0	15.0
Door-to-door	14.2	7.0	12.9	16.3	15.8
Discount/mass merchandise stores*	13.7	22.5	18.5	17.1	6.3
Food stores	3.7	2.9	6.0	4.3	2.5
Specialty stores	3.0	3.7	3.8	4.7	1.3
Mail order	2.6	4.1	1.5	1.7	3.3
Mass department stores**	1.1	2.0	1.5	—	1.5
Other	0.6	—	0.6	0.9	0.5
Don't know	3.0	3.9	0.7	3.2	4.0

Source: The Gallup Organization for *Drug Store News*

*Includes K mart, Wal-Mart, etc.

**Includes Sears, J.C. Penney, etc.

Shoppers' recommendations for making drug stores better places to buy cosmetics

Recommendations	All shoppers	Regular drug store shoppers	Discount drug store shoppers
More competitive pricing	11.9%	6.6%	14.7%
More variety in selection	11.3	12.6	8.9
Service assistance when needed	8.7	9.3	10.0
More displays	7.7	9.9	8.7
Carry better brands	4.3	2.1	3.3
Give more samples	2.2	2.0	—
Give more efficient service	1.2	2.9	—
Less hectic shopping environment	1.2	1.4	1.6
Convenient/easy to get to	1.0	1.0	1.2
Fine as is	17.5	27.1	19.7

Source: The Gallup Organization for *Drug Store News*

What motivated a cosmetic impulse sale

Reason for purchase	Impulse purchasers
Price	20.7%
POP displays	17.1
Makeup demonstrations	11.2
Convenience	10.2
Free samples	8.1
Store ads	4.2
Sales person's recommendation	4.2
Other	21.1
Don't know	7.7

Source: The Gallup Organization for *Drug Store News*

Unplanned buys prevail among 28% of women

Price prompts impulse color cosmetic purchases

In a Gallup cosmetics/fragrance consumer purchase study commissioned by *Drug Store News*, a fourth of the women surveyed said their first color cosmetics purchase at the store they shopped "most often" was made impulsively.

Women age 18 to 24 appear to be the most susceptible to an impulse purchase. According to the study, a third of the women in this age group bought cosmetics on impulse rather than having planned to make the purchase.

Price is key motivation

The one factor that most often motivated an impulse sale was price. A fifth of the women told Gallup they make an impulse purchase because of the price of an item they had seen featured in a store, while 17% said a POP display attracted their attention.

On the whole, some 28% of all consumers said they generally buy more cosmetics than they had intended to purchase. Younger women are especially likely to exhibit this behavior.

Four out of every 10 women under 35 years old said they usually buy more cosmetics than they had planned to buy, compared to 28% of those 35 to 49, and just 16% of the women over 50.

Temptation is great

About a third of the regular drug store shoppers reported buying "more than intended," and in discount drug stores, 29% of the patrons reported succumbing to the temptation to buy more.

In comparison, about four out of every 10 K mart and other discount store shoppers said they purchased more products than they had originally intended to buy.

About a third of the shoppers who bought cosmetics from a door-to-door salesperson also reported buying "more than they had originally intended to purchase," and this was also the case for 30% of all department store patrons and 30% of all those women who bought cosmetics at food stores.

The more room the better

Buyers also point out that the larger department and discount stores like K mart have room for bigger and more colorful displays.

Buyers for discount drug store chains were "disappointed" by their relatively low proportion of "add on sales," and no one had an explanation that really could explain the findings.

It may be possible, however, that women who buy cosmetics in discount drug stores are always prepared to buy on impulse, so there is no way for them to measure if they do buy "more than intended."

Fairly satisfied

Buyers for the regular drug store chains, however, thought that given their limited space and limited assis-

Continued on page 48

Buyers look to manufacturers to stimulate scent sales growth

Changes in how often women use fragrances

(Frequency of use compared to several years ago)

Frequency	All women	18-24	25-34	35-49	50 Plus
More often	24.8%	43.5%	30.5%	23.7%	17.2%
Less often	15.0	9.0	16.3	16.3	15.6
About the same	49.8	43.7	44.6	53.5	51.1
Never use	10.2	2.8	8.6	6.5	16.2
Don't know	0.1	1.0	—	—	—

Source: The Gallup Organization for *Drug Store News*

% of American women who use fragrances

(breakout by age groups)

	All women	18-24	25-34	35-49	50 Plus
Do use	89.8%	97.2%	91.4%	93.5%	83.8%
Never use	10.2	2.8	8.6	6.5	16.2

Source: The Gallup Organization for *Drug Store News*

Ask any drug store retailer how fragrance sales have been lately and the chances are better than nine to one that you'll hear, "They're flat just like they were last year and the year before."

Buyers say the problem with the category is that manufacturers haven't been doing enough to stimulate growth. Buyers for chains like People's Drug, Harco, Revco, and SupeRx say the manufacturers aren't introducing enough new products, and that they're not doing enough advertising to build demand for the mass market fragrances.

Most buyers also tell *Drug Store News* that it's their feeling that women are not using fragrances any more often now than they were five or ten years ago.

Some buyers even think women may be using fragrances less often, primarily because they feel most fragrance manufacturers haven't done enough to make mass market fragrances "exciting" enough to create a surge in demand.

Evidence is in

Now *Drug Store News* has evidence to support at least some of these assumptions. Earlier this year, we commissioned a special consumer study of fragrance and cosmetic users.

We asked the world-renowned Gallup Organization to execute the study for us, which they did through a telephone survey last spring that reached 500 adult women, a sample that was representative of adult women throughout the national population.

The survey tells us quite a bit about the typical consumer of cosmetics and fragrance products.

Usage is flat

They tell us that retailers are right in thinking that usage among fragrance buyers is flat. Gallup found that 50% of all women who use either a perfume or a cologne are using it with the same frequency as they had several years ago.

Women who did not work outside the home and women who were 50 years or older are more inclined than others to be non-users. Some 16% of women 50 and older and 14% of those who did not work outside the home reported to Gallup that they never use fragrances.

On the positive side, however, younger women between the ages of 18 and 24 were much more responsive to fragrance products.

Just 3% of those 18 to 24 said they never used fragrances, while some 44% reported using fragrances "more frequently today" than several years ago.

Single mother is best buyer

The best candidate for a fragrance sale turned out to be the woman who was a single head of household with children to support.

Some 51% of all women in this category told Gallup they were using fragrances more frequently today than several years ago. Just 1.4% said they never used fragrances at all.

Most buyers and manufacturers told *Drug Store News* they were surprised at this distinction, although several speculated on possible reasons for it.

Most felt that perhaps a single woman with children but without a husband was trying to be more alluring to the men in her life. A few felt that perhaps many of these women enjoyed indulging themselves by treating themselves to a favorite fragrance purchase.

One buyer speculated that perhaps they were rewarding themselves for their independence, or perhaps, she reasoned, reaffirming their femininity.

Exception to the trend

Oddly enough, the same phenomenon of increased usage did not exist for single women without children. Just 22% of these women reported using fragrances more often today than several years ago, and 12% said they never used fragrances.

In fact, single women without children were very close to married women in their usage of fragrances.

Among married women, 22% said they were using fragrances more frequently, 51% said it was about the same, and 11% said they never used fragrances.

"Maybe married women and single women without children just have a less adventuresome attitude about the mystique of fragrances," one buyer concluded.

Many buyers also said they thought that fragrance manufacturers just weren't creating the advertising campaigns that could reach or perhaps persuade the vast majority of American women to buy more fragrance.

Several buyers said they thought the emphasis on sex in most fragrance ads was "too blatant" and that perhaps this type of advertising was "turning off" the heartland user.

Others said that sex should certainly be in fragrance ads, but that the message should be subtle and that it should stress the benefits of "warm, companionable relationships" rather than the sexual odysseys that a Calvin Klein fragrance commercial, for instance, evokes.

Race also has an impact

Race also had some impact on fragrance usage. For instance, 32% of all non-white users, reported using fragrances more frequently today then several years ago. In comparison, just 24% of white users gave that response.

However, buyers said they were "surprised" that Gallup discovered that 12% of all non-white females say they "never" use a fragrance.

One ethnic buyer speculated that perhaps age and regional differences were responsible for the higher number of non-users among non-whites.

"I know that we have many black female customers who are over 50 in our stores," he said, "and many of our stores are in the South and West, where using fragrances is not as common as it is in New York or Chicago."

Regional differences

Gallup found that there were indeed regional differences in usage. Nearly three out of every 10 women in the East and Midwest reported using fragrances more often today than several years ago, compared to just two out of every 10 woman in the South and West who gave that response.

Some 15% of the women in the South said they were non-users, compared to just 7% in the East and West who said they were non-users.

Oddly enough, household income did not have much impact on fragrance usage. Some 64% of all women living in households with income levels between $25,000 and $34,999 said their frequency of use had not changed, while five out of every 10 women with incomes over and under that amount also reported the same response.

Women living in households with incomes over $35,000 did report using fragrances more: 28% of these women did say they were using fragrances more today compared to 21% making between $25,000 and $34,000 and 25% making less than $25,000.

The differences, however, were so slight that most buyers said they didn't feel that usage was necessarily predicated on the availability of discretionary income, but was more a factor of convincing women that such purchases were "worthwhile" and that the increased usage of such products could enhance their lives either in terms of relationships or in terms of feeling better about themselves.

Several buyers said that women would buy fragrances more "if manufacturers could convince them there is indeed a pay-off."

Designer fragrances are easier to sell in chain drug stores when cosmetic clerks are friendly and helpful, retailers say.

Impulse buys based on price

Continued on page 47

tance for shoppers within their stores, getting 34% of their shoppers to buy more cosmetics than they intended was "pretty good."

Buyers for regular drug store chains also point out that there has been a lot of emphasis lately on improving the cosmetic departments within chain drug stores.

Several buyers said they felt the add-on sales for regular drug stores could be due to improvements in their cosmetics sections, including putting the department closer to the front of the store for greater visibility and upgrading the department to stress better brands and more seasonal promotions through header cards and related seasonal pre-pack displays.

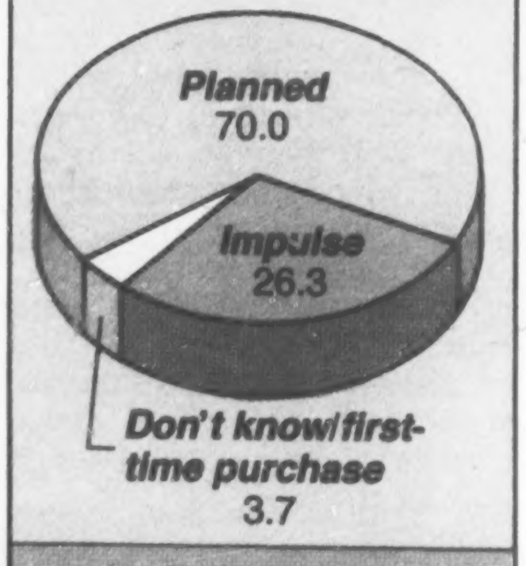
How stores rank on generating impulse sales

(% of shoppers who bought more cosmetics than they planned)

Stores where respondents most commonly buy cosmetics	% of shoppers who bought more cosmetics than intended
K mart	40.3
Discount store mass merchant	37.5
Regular drug store	33.6
Door to door	31.5
Department store	29.9
Food store	29.7
Discount drug store	29.3

Source: The Gallup Organization for *Drug Store News*

% of women who buy cosmetics impulsively



Source: The Gallup Organization for *Drug Store News*

Fragrance consumers pick favorite brands

What are the favorite perfumes in America today?

According to the Gallup study commissioned last spring by *Drug Store News*, the favorite brand among American women today is Avon, chosen by one out of every 10 fragrance users.

Estee Lauder and Chanel fragrances share second place, each chosen by 7% of all female fragrance users, and Vanderbilt and Charlie are in third place, with a preference of 5% each among all fragrance users.

White Shoulders was picked as a favorite brand by 4% of all female users surveyed, and Giorgio was picked by 3%. Only Oscar de la Renta and Emeraude received better than a 2% mention among total users.

Interesting trends noted

However, when *Drug Store News* looked at the Gallup responses by age levels, there were some interesting trends.

Avon was still preferred by 17% of all users 18 to 24, but Jovan Musk and Vanderbilt were also popular: 7% of all users in this age bracket preferred them.

Buyers say that given these trends, Jovan Musk and Vanderbilt seem like the best brands to advertise during such promotional events as graduation and back-to-school. They're also strong brands to advertise in university markets and other regions with a high density of fairly young users.

Giorgio was also a favorite among 5% of all 18 to 24-year-old users, as were Halston and Anais Anais, both picked as favorites by 4% of all users.

Females in the 25 to 34 age group were also most partial to Avon. A total of 10% of all 24 to 34 year olds picked Avon as their favorite brand.

However, Chanel was chosen by 6% of all these users as a favorite; Vanderbilt, Charlie, Estee Lauder, and White Shoulders were each chosen by 5% as a favorite, and another 4% selected Oscar de la Renta.

Avon was again on top with 10% of all consumers between 35 and 49, but Estee Lauder was a close second with a 7% preference among users. Vanderbilt had a preference among 6% of users this age, and Charlie, Giorgio and Chanel were the preferred favorite among 5%.

About one out of every 10 users also picked the following fragrances as their most preferred brand: Estee Lauder (10.2%); Avon (9.8%), and Chanel (9.5%).

Continued on page 56

Most preferred fragrances (favorite brands by age groupings)

All Fragrance Users		18-24 years		25-34 years		35-49 years		50 Plus	
Brand	%	Brand	%	Brand	%	Brand	%	Brand	%
Avon	10.8%	Avon	16.5%	Avon	10.2%	Avon	10.4%	Estee	10.2%
Estee	7.1	Vanderbilt	6.7	Chanel	6.1	Estee	7.3	Avon	9.8
Chanel	6.8	Jovan Musk	6.6	Charlie	5.1	Vanderbilt	6.4	Chanel	9.5
Vanderbilt	4.7	Giorgio	5.1	Vanderbilt	4.8	Charlie	5.3	Emeraude	4.7
Charlie	4.6	Halston	4.1	Estee	4.8	Giorgio	4.7	White Shoulders	4.6
White Shoulders	3.5	Anais Anais	4.1	White Shoulders	4.8	Chanel	4.6	Charlie	4.2
Giorgio	3.3	Lauren	3.3	Oscar	3.7	Jean Nate	3.6	Chantilly	3.6
Oscar	2.6	Obsession	2.7	Obsession	3.4	Opium	3.2	Vanderbilt	3.0
Emeraude	2.1	Oscar	2.5	Halston	3.3	Oscar	2.5	Giorgio	2.4
Jovan Musk	1.8	Chanel	2.4	Aviance	3.2	White Shoulders	2.2	Shalimar	2.3
Jean Nate	1.7	Jontue	2.3	Lauren	3.1	Tabu	2.0	Oscar	2.2
Lauren	1.6	Lady Stetson	2.1	Enjoli	2.8	Shalimar	1.8	Youth Dew	1.9
Chantilly	1.6	Primo	2.0	Anais Anais	2.6	Jovan Musk	1.7	Jean Nate	1.5
Halston	1.6	White Linen	1.7	Giorgio	2.5	Obsession	1.7	Cachet	1.5
Opium	1.6	Estee Lauder	1.5	Jontue	2.3	Emeraude	1.5	Tabu	1.4
Obsession	1.6	Charlie	1.5	Forever Krystle	2.1	Jontue	1.4	L'Air du Temps	1.4
Shalimar	1.5	White Shoulders	1.0	Coty Musk	1.5	Tigress	1.3	Forever Krystle	1.3
Jontue	1.3	Opium	1.0	Wind Song	1.4	Forever Krystle	1.2	Arpege	1.3
Forever Krystle	1.3	—	—	Le Jardin de Max Factor	1.1	Lauren	1.1	Lutece	—
Anais Anais	1.1	—	—	Jean Nate	1.0	—	1.0	—	—
Halston	1.1	—	—	—	—	—	—	—	1.0
Arpege	1.0	—	—	—	—	—	—	—	—
Chantilly	1.0	—	—	—	—	—	—	—	—

Source: The Gallup Organization for *Drug Store News*

Discount and drug stores vie for 2nd-place scent outlets

Drug store buyers say they aren't surprised by this Gallup finding: Some 49% of all women fragrance purchasers sometimes buy their fragrances in a department store, and 43% of all purchasers say they "most often" buy their fragrances in a department store.

In contrast, according to Gallup, just 19% of all women say they sometimes buy their fragrances in regular drug stores, while 18% say they sometimes buy fragrances in a discount drug store.

Just one out of every 10 women say they "most often" purchase fragrances in either a regular or a discount drug store.

Not surprisingly, since the Avon brand was the most popular among all fragrance users, about 16% of all fragrance purchases were sometimes made in a door-to-door transaction; 14% of the women said they "most often" buy fragrances from a door-to-door salesperson.

Although some women said they sometimes purchased their fragrance in mass merchandise/discount stores like K mart and Wal-Mart, just 7% say they "most often" shop for fragrances in these types of stores.

While some women also say they sometimes buy fragrances in mass department stores like Sears and J.C. Penney, just 4% say they "most often" shop these stores for fragrances.

Income level important

According to the Gallup findings, some 69% of the women with a household income of $35,000 or more sometimes bought their fragrances in a department store.

In contrast, just 35% of those whose household incomes were $15,000 or less shopped department stores for fragrances sometimes.

Convenience counts

Convenience was the most common reason women had for preferring one store over another for fragrance purchases.

A total of 36% of the respondents said convenience was why they shopped for fragrances at one particular place; 24% of the women said they shopped one outlet because it was the only place near them that carried a particular brand.

Just 22% said they shopped a specific store for economic reasons. However, saving money was the most important reason for shopping a store among customers who bought their fragrances in discount drug stores. The majority of those who shopped regular drug stores, 59%, say it was convenience that made them buy there.

Stores where women buy their fragrances most often

(breakout by age groupings)

Place	All Purchasers	18-24	25-34	35-49	50 Plus
Department store	43.1%	40.4%	38.6%	44.6%	44.4%
Door to door	13.6	22.3	12.7	12.2	12.4
Reg. drug store	11.6	7.0	9.5	13.2	14.4
Low price/ discount drug store	11.4	10.3	12.8	9.6	11.9
Mass merchandise stores+	7.4	6.7	12.2	8.4	4.4
Mass dept. stores+ +	3.8	3.5	6.2	2.2	3.5
Specialty stores	2.2	—	2.1	3.2	2.5
Mail order	2.0	7.4	2.2	—	1.3
Food stores	0.9	—	0.9	2.7	—
Other	2.7	1.2	1.1	0.7	5.1
Don't know	1.4	1.2	1.8	3.2	—

+ K mart, Wal Mart, etc.
+ + Sears, J.C.Penney, Montgomery Ward, etc.

Source: The Gallup Organization for *Drug Store News*

Why women shop one store most often for fragrances

Reasons	All Purchasers	18-24	25-34	35-49	50 Plus
Convenient/ easy to get to	35.9%	38.6%	27.6%	32.9%	42.9%
Only place that carries my brand	23.5	18.2	33.8	30.0	14.3
Lowest price	21.7	18.5	23.4	18.2	24.4
Service	2.3	3.2	2.9	0.7	2.8
Charge account	2.2	6.9	—	2.0	1.9
Gifts with purchase	1.0	—	—	0.7	2.3
Other	12.2	19.2	6.0	12.8	11.9
Don't know	4.1	3.3	7.2	6.4	1.0

Source: The Gallup Organization for *Drug Store News*

Consumers suggest more scent variety in drug stores

Most drug store buyers think their stores could generate more fragrance sales if they could just deliver better service to their customers.

However, the Gallup survey found that, surprisingly , service is not as big an issue with fragrance shoppers as variety is.

Some 17% of all consumers who purchased fragrances said that drug store executives could make their stores better places to shop for fragrances if they broadened the variety of their selections.

Bigger selection desired

Among consumers who sometimes bought their fragrances in traditional drug stores like Walgreens and Eckerd, 13% felt that broadening the fragrance selection would make the stores better places to shop for fragrances.

Service was only mentioned as a possible area of improvement by 6% of all shoppers, and by just 4% of all shoppers who had bought some fragrances in a regular drug store.

Service was most important to consumers living in households with incomes between $15,000 and $34,999 a year (9% of fragrance buyers in this group wanted better service), and for people between the ages of 25 and 34 (7.9% mentioned service as a way of improving drug store fragrance sales).

Difference cited

In contrast, however, 32% of all consumers 18 to 24 wanted more variety in drug stores, while 16% of that age group also said they wanted more competitive pricing.

A total of 14% of all consumers who were already buying fragrances in regular drug stores said the fragrance departments were "fine as they are."

Some 23% of all users who regularly bought their fragrances in a discount drug store wanted more competitive pricing, while another 13% wanted more variety and 14% wanted more colorful displays.

What drug stores should do to improve fragrance sales

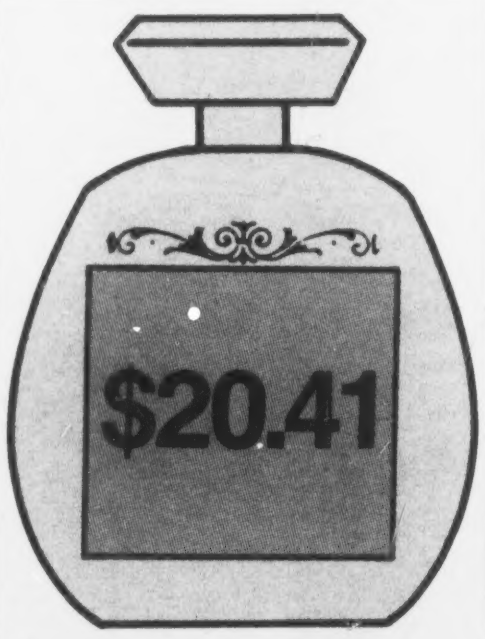
(Breakout by age groupings)

Should do	All Purchasers	18-24	25-34	35-49	50 Plus
More variety in selections	17.4%	32.4%	17.5%	15.3%	13.1%
More competitive pricing	12.9	16.1	16.2	12.9	9.0
Better displays	8.9	7.6	11.9	8.6	8.4
Carry better brands	7.8	7.8	11.8	11.4	3.0
Give more service assistance	5.9	2.0	7.9	5.2	5.1
Give more samples	5.8	11.2	7.5	4.1	4.1
Offer more convenience	0.9	—	1.9	—	1.3
More efficient service	0.8	—	1.1	—	1.8
Do nothing/fine as is	6.4	5.3	5.2	5.2	8.3
Other	7.5	5.3	6.0	10.2	7.8
Don't know	30.2	17.2	17.8	32.6	40.6

Source: The Gallup Organization for *Drug Store News*

How much women spend for their fragrances

(average purchase)



Source: The Gallup Organization for *Drug Store News*

Fragrance gifts inspire new preferences

Recommendations, samples spur scent trials

Over a third of all women who have a favorite perfume reported that it was first given to them as a gift.

About 17% said they first tried their favorite brand based on a recommendation from a friend or family member. Another 12% said they first tried their favorite fragrance in a sample package.

Four in 10 received gift

Women over 25 and women who are married are the most likely to have been given their favorite fragrance for the first time as a gift. This was true for about four out of every 10 women in the Gallup survey.

Women 18 to 24 and single women more often than others reported that they first tried their favorite on the recommendation of a friend. Gallup found that 40% of the 18 to 24 year olds and 23% of the single women first tried their favorite fragrance on a recommendation.

Non-whites were more likely than whites to have tried their favorite fragrance in a sample package. Gallup discovered that 26% of the non-whites first tried their preferred fragrance this way, compared to 10% of the whites.

Non-whites were also likely to have first received their favorite fragrance as a gift. A total of 21% of the non-whites reported first trying their favorite fragrance this way, compared to 38% of the whites.

Purchases average $20

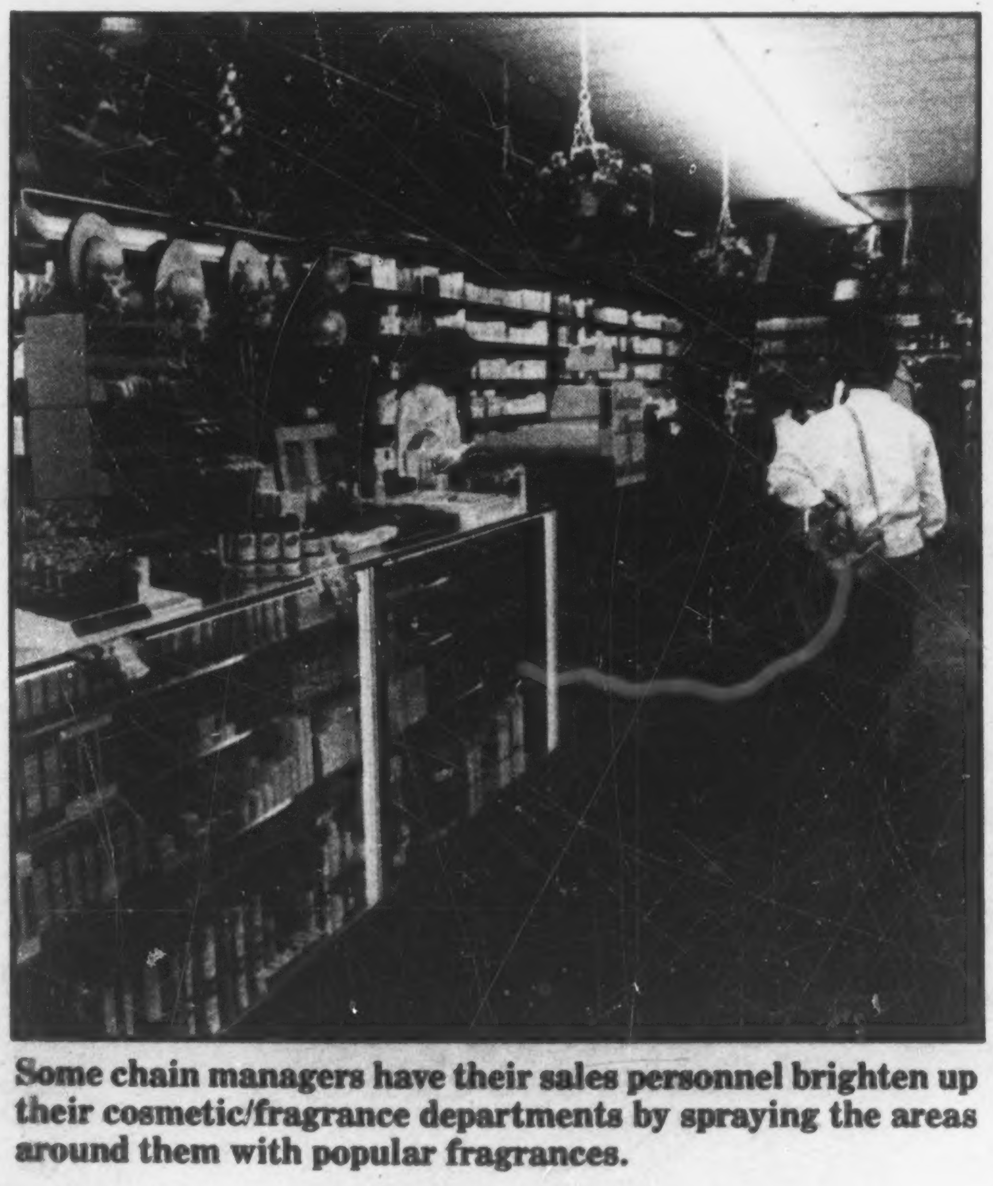
More than one out of every five fragrance users (23%) also reported that they never purchase either perfumes or colognes for themselves. But women who do buy their own fragrances say they spend an average of $20 for their purchase.

Only 51% of the women who bought their own fragrance said that when they first bought it, they had planned to make the purchase. But 45% did report that their first purchase was made impulsively.

Impulse sales

Two out of every 10 women who did make an impulse purchase said it was because they had tried a sample of the fragrance. Another 14% said it was because of the price at the time, while 12% said their impulse purchase was motivated by a display. Just one out of every 10 said the sale was motivated by convenience.

Consumers, looking for "value" in fragrance purchases, are choosing low to mid price brands.



Some chain managers have their sales personnel brighten up their cosmetic/fragrance departments by spraying the areas around them with popular fragrances.

Favorite perfumes emerge

Continued from page 50

Other favorites were Emeraude, preferred by 4.7% of users over 50; White Shoulders, preferred by 4.6%, and Charlie, preferred by 4.2%. Just 3% of all consumers over 50 chose Vanderbilt as a favorite brand.

Several ADF brands named

Several ADF brands were mentioned in the Gallup survey, but only one brand, Primo, was chosen by 2% of certain age group users as a favorite. The users who mentioned Primo the most often also were between the ages of 18 and 24, and they tended to live in households with incomes between $15,000 and $24,999 a year.

Generally, there was little difference among whites and non-whites as to brand preferences. However, more non-whites than whites (16.6% to 9.9%) preferred Avon, while 9.2% of all non-whites preferred Charlie compared to 3.9% of all whites.

More non-whites also preferred Giorgio. Some 6% of non-white users picked Giorgio as their favorite fragrance, compared to 2.9% for white users. However, white females showed a slightly higher preference for White Shoulders; some 3.7% of all whites preferred this brand compared to 1.9% of all non-whites.

Females who lived in the South had the strongest preference for the following brands: Chanel (preferred by 10% of all Southern women), Avon (8%), and Charlie (6.5%).

Regional differences

Consumers who lived in the West had these preferences: Avon (chosen by 14.6% of all users as a favorite), Estee Lauder (10.8%), and Chanel (7.5%). In the midwest, the highest preferences were for Avon (14.4%), Estee (9.9%), and Chanel (6.2%).

Females living in the East preferred Avon (7.2%), Charlie (6.7%), Vanderbilt (6%), and Giorgio. (5.7%).

Fight for $2B film market heats up

New baby boom and switch to 35mm spur competition

Americans took nearly 14 billion photos last year and bought some 731 million rolls of film in the process. Those numbers, and an annual growth rate of about 6%, have both film manufacturers and retailers locked in a pitched battle for market share.

The $2 billion film market is being roiled as never before by a variety of competitive and demographic factors. One of the biggest is the advent of a new baby boom among couples with the disposable income to drive sales of photo equipment and film. In fact, families spend an average of $222 in a baby's first year for camera and film, making photography the No. 1 nonessential first-year expense, according to a study by American Baby Incorporated.

The enormous shift toward the 35mm camera format is also having a positive effect on film sales, since the more serious users of 35mm film tend to take more pictures. According to industry estimates, 35mm now accounts for more than half of all film sales, and that number may grow to 70% to 75% by the end of the decade. The growth is coming at the expense of disc and other formats.

The trend among more and more shutterbugs toward 35mm photography is good news to film retailers in another way, as well. Those using the format tend toward "dramatically" higher purchases of enlargements when processing their film, according to the Photo Marketing Association.

Competition heats up

Film manufacturers have jumped into the competition for share with renewed determination. The entry of 3M into the branded side of the business with its recently introduced Scotch brand film, and the more aggressive promotional tactics being brought to bear by industry giants like Eastman Kodak and Fuji, has made competition more heated than ever.

Kodak, for instance, has launched the biggest summer campaign in its history tied to discounts at theme parks nationwide. At the same time, the photo giant has made big strides in support and marketing programs to retailers.

Kodak is facing aggressive competition, however, from Fuji Photo Film, 3M and other companies. Fuji, now the official sponsor of major league baseball, has enlisted Mickey Mantle as company spokesman. This summer, Fuji is promoting its color print film with "Home Run Game," featuring in-store materials and prizes, and a consumer rebate program.

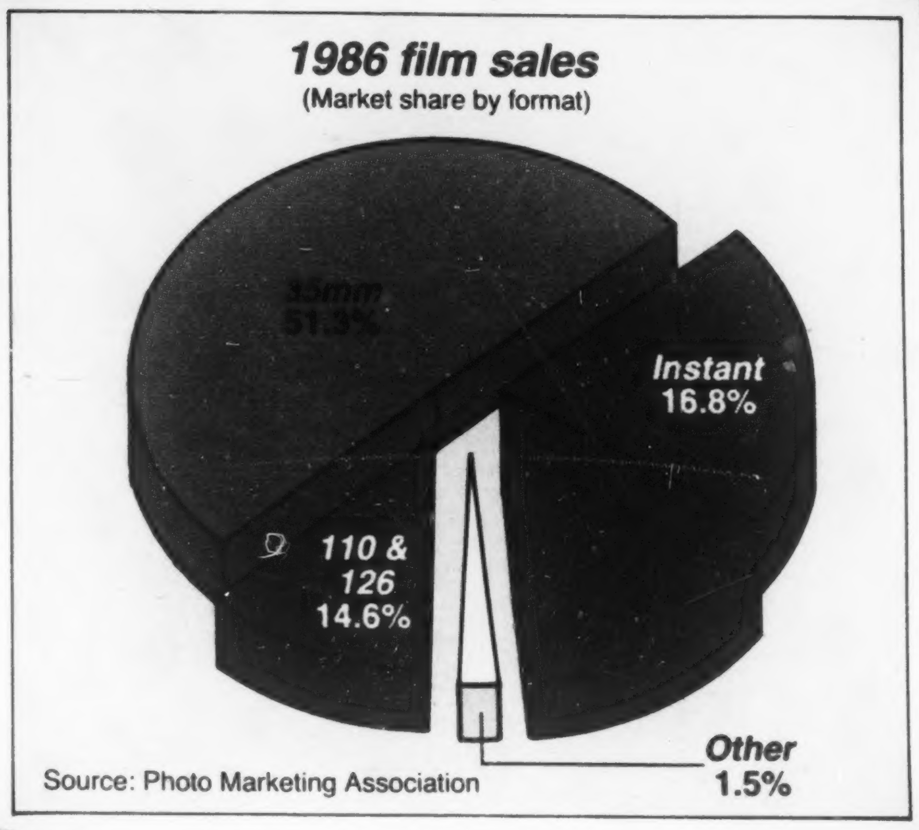
Meanwhile, 3M is trading heavily on its powerful Scotch brand color film, introduced last year.

Chain drug retailers have given high marks to all three firms. At May's Drug Stores, for instance, a company spokesman reported that Kodak film sales were up a hefty 40% in 1986, and said he was "very pleased" with the quality and sales of Scotch brand. And on the West Coast, Fuji film has grabbed nearly 50% of the film business at Raley's Food and Drug Centers, the company reported.

Private label film

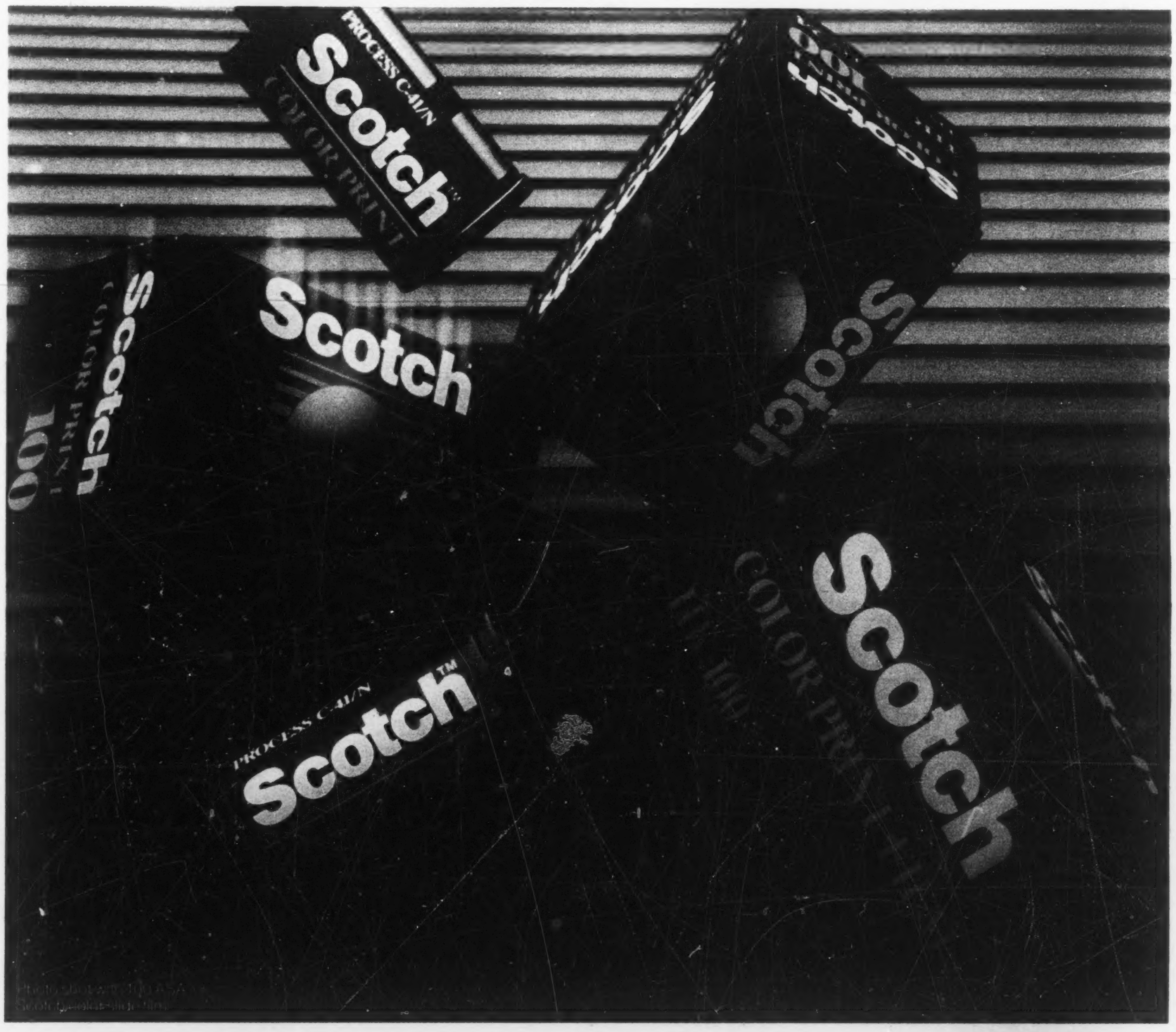
Private label film is also showing continued strength in many parts of the country. Said photo buyer Paul Bruno of Alabama-based Big B: "The private label program we're in with 3M is excellent, with exceptional quality film and a 20% across-the-board discount for our customers. Sales in private label film are way up for us over last year and probably account for about 25% of our business now."

The continuing strength of instant cameras from Polaroid, including its successful Spectra system, has also helped drive ancillary film sales at drug store counters. The firm estimates that Spectra camera users consume film at a rate 40% higher than that of other Polaroid camera users.



Source: Photo Marketing Association

Even our slowest film is fast.



Very fast. A recent study shows that consumers are immediately motivated to try Scotch® color film because of its competitive price.

And a follow up survey reveals that 96% of those buyers rated Scotch color film just as good or even better than their usual brand. So good that they'd even recommend it to their friends.

Want to give your sales a quick boost? Call 1-800-328-1300 for information on our special trial-size pre-packed displays.

But you'd better hurry. Because like our film, they're going fast.

Picture it perfect.

Scotch
Scotch
DISC
Scotch
Scotch

© 3M 1987

3M

Study: DPP leaders are cigarettes, batteries, magazines and H&BA

NEW YORK--Drug store executives might gain insights from a direct product profit study of convenience stores and supermarkets that concluded that DPP can vary widely from category to category, and that gross margin can be misleading as a profits indicator.

Cigarettes, batteries, magazines and H&BA items were among the highest ranking categories in DPP in both types of stores in a study conducted by the Touche Ross accounting firm and sponsored by the Magazine Publishers Association.

A DPP analysis of all product categories in one representative store from each of the Circle K, National Convenience Stores and Minute Mart convenience chains concluded that the top six categories in DPP were cigarettes, fountain, beer, groceries, H&BA and magazines. Soft drinks, which ranked third in sales dollars and fifth in gross margin profits, dropped to seventh place when ranked by DPP, because of the high cost of refrigerated display space.

Magazines, ranked thirteenth by gross margin, moved up to sixth in DPP without factoring space needs, due to their high level of retail display allowances and their relatively high tickets. They moved to fourth place, behind cigarettes, fountain and hot drinks, when DPP dollars were related to square footage display needs.

While the DPP potential of cigarettes has become widely recognized at drug chains, mostly due to vendors' heavy promotion, magazines haven't received the same publicity. That may be changing in the wake of results such as these:

"DPP provides a much more reliable view of the profit power of magazines than does the more simplistic approach of gross margins alone," commented William Gorog, president of the Magazine Publishers Association.

Among the conclusions that stemmed from the survey was a recommendation that the stores promote H&BA more to increase profits, since it has a high DPP rating per unit, but relatively low volume.

The second survey looked at sales data from two stores each of the BILO and Tom Thumb supermarket chains. Stores surveyed had weekly sales volume of between $216,000 and $435,000. The study focused on general merchandise and checkstand categories, accounting for weekly volume from $11,000 to $26,000.

Cigarettes, batteries, stationery and magazines were in the top four slots for DPP per square foot. While some product categories posted high results as producers based on gross margin or on DPP results regardless of space needs, they slipped in the standings when DPP was measured per square foot. For example, candy and gum were third in profitability based on gross margins, greeting cards were fourth, and video rentals were sixth. Greeting cards ranked second in DPP without factoring in space requirements. But cards fell to seventh position in DPP per square foot, and video rentals to fourteenth place.

On the other hand, some categories gained in status by the DPP measurements. Batteries, for example, ranked eleventh in gross margin return but second in profit generation after the DPP model accounted for such factors as allowances and deals and costs of product handling, including labor, inventory, the cost of store space used, and the cost of shrink.

Lighters, along with automotive, video rentals, and music, were the lowest performers.

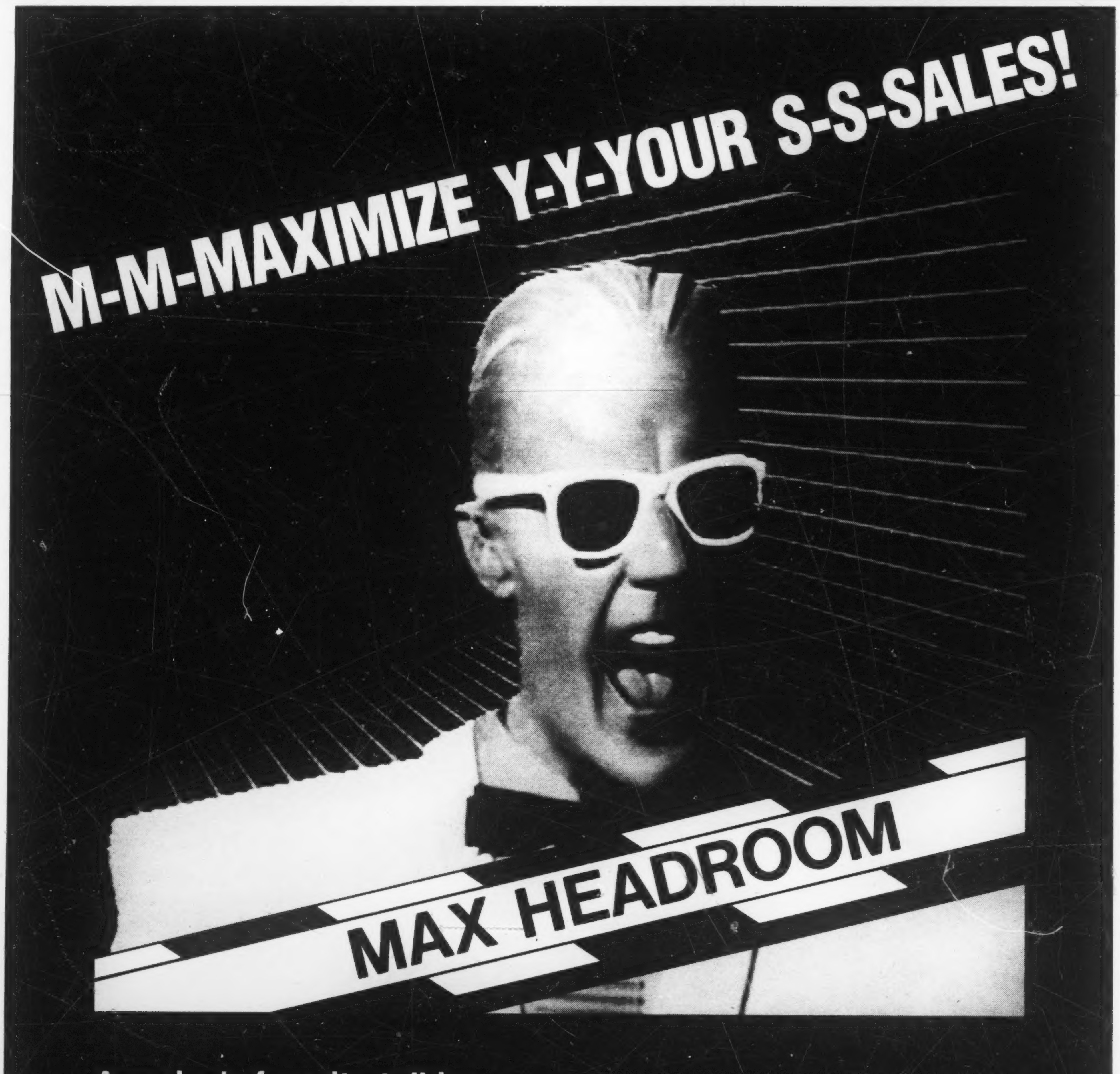
Supermarkets, the study concluded, should promote books and light bulbs, add high-value titles and space to magazines, and give stationery the best location for back- to-school displays.

It said video rental displays should be consolidated, as should film and lighters, and stores should consider eliminating music.

[illegible]

	Magazines	Paperbacks	Combined Total
Supermarkets	53.9%	15.1%	39.0%
Book stores	7.4	54.1	25.4
Drug stores	8.8	8.3	8.6
Newsstands	11.2	1.9	7.6
Discount depart. stores	1.9	14.6	6.8
Convenience stores	10.3	0.6	6.6
Other	6.5	5.4	6.0

[illegible]



America's favorite talking head is now available on a complete line of Exclusive Max Headroom Fashion Accessories.

C-c-catch the excitement... you know a great idea when you see it!

Get in on the Max Headroom Fashion and Accessory Program and maximize your sales and profits. Choose from Max Headroom Watches by Criterion, Max Headroom Sunglasses by Cool-Ray and Max Headroom Costume Jewelry by Originalities.

Put Max Headroom to work for you and turn a little bit of space into a huge profit center. All it takes is one call to learn more about the one and only Max Headroom Fashion Accessory Program. Do it today!

COOL-RAY OPTICS, INC.
Max Headroom Sunglasses

CRITERION WATCH CO., INC.
Max Headroom Watches, Clocks, Calculators

ORIGINALITIES, INC.
Max Headroom Costume Jewelry, Key Rings and Hair Accessories

Exclusively available from
CRITERION MARKETING GROUP
60-01 31ST AVENUE, WOODSIDE, NEW YORK 11377 ■ TELEPHONE 718-274-2700 ■ FAX 718-956-0002
1986 Chrysalis Visual Programming Ltd – All Rights Reserved

Generic growth spurs increased bidding activity

Continued from page IP11

Shore in the launching of Distribu-Net, an electronic price quotation system for buying and selling generic drugs.

According to Shore, president of the Dania, Fla.-based computer network, his system can offer retailers bids from as many as 30 generic companies with one phone call.

A retailer who is a subscriber to the program can request a bid on one or more generic drugs through the use of a computer modem (a device that sends electronic signals from one computer to another through regular telephone lines). The list is sent directly to Distribu-Net's computers and put out to bid to all the generic companies on the system, which Shore says currently number about 30. In a matter of 24 hours, an on-line bidding service is completed, with subscribers receiving pricing information on available generics, a listing by form, potency, size, vendor, NDC codes and other important information related to the requested drugs.

Shore said that while large chains will probably do business directly with generic companies to arrange the best price quotes, "the heart and soul of the system is really for the smaller chains and those chains that are mid-range in size."

Pilot phase successful

Distribu-Net is currently running through a pilot phase that Shore said is "very successful so far. This is the type of service that becomes very important once a 'critical mass' is reached," said Shore.

Shore said that a typical price quote will contain 15 drugs, and savings can be as high as 100% over purchasing the same drugs without a look at all the competition on one screen.

In addition to its electronic marketplace, Shore has expanded Distribu-Net's services by the addition of an electronic mailbox for "the inside track on special sales and promotions industrywide," while providing an instant link to suppliers. The company's latest feature is an electronic newscast that Shore describes as "the best way to get timely industry news and FDA ANDA approval information."

Sophisticated bidding practices like Distribu-Net and Bergen's "Generic Source" have taken their toll on the market share of branded drugs.

Behind price increases

According to Pharmaceutical Data Services, generics tend to take about 30% of market share away from the brands. Dick Barnes of Standard Drug believes that is the underlying reason for the price increases in brand drugs, which is currently the subject of Congressional hearings.

"There's no way to justify those price increases with R&D," said Barnes. "It's a cop-out as far as I'm concerned for keeping the dollars the same as the drug dies."

In fact, Barnes said, "If you shook it all down, the public hasn't saved anything, because whatever's been saved has been offset by increases in the drugs that have been copied."

Ken Anderson of Medicare-Glaser said that in the future, how much of the market gets taken over by generics is largely up to the brand manufacturers. If the brand manufacturers are successful in bringing "new, innovative drugs " to market, they will maintain their dominance. If not, retailers are likely to get behind the generic.

Most frequently substituted brand products

Product	Total	Independent	Chain
Tylenol with Codeine #3	31%	35%	30%
Hydrodiuril	13	12	13
Amoxil	12	6	13
Motrin	10	9	10
Persantine	5	6	5
Vibramycin	3	2	3
V-Cillin-K	3	1	3
Lasix	2	4	2
Darvocet N-100	2	1	2
Inderal	2	1	2
Valium	1	1	1
Pen Vee K	1	1	1
Septra	1	1	1
Bactrim-D.S.	1	2	1
Vibra-tabs	1	1	—
E.E.S. 400	1	1	—

Note: Percentages may not add to 100% due to rounding
Source: Lebhar-Friedman Research

Brand vs. generic potential

	Total	Independent	Chain
Total generic potential as written*	73.0%	75.5%	72.2%
Total generically filled	55.0	56.6	54.5
Written and filled generically	20.0	22.0	19.3
Written brand with generic substitution/filled generically	35.0	34.6	35.2
Total brand protential as written**	80.0	73.5	72.2
Total brand filled	45.0	43.4	45.5
Written brand only and filled by brand	27.0	24.5	27.8
Written brand with generic substitution/filled by brand	18.0	18.9	17.7

*Total generic potential as written = generically written *plus* brand, but generic substitution allowed
**Total brand potential as written = brand only, no substitution *plus* brand, but generic substitution allowed
Source: Lebhar-Friedman research

Generics continue to stalk brand pharmaceutical firms

Generics continue to make strong inroads into the once brand-dominated prescription drug market.

A new study by *Drug Store News* on generic substitution patterns by pharmacists shows that two-thirds of all prescriptions written for a branded drug with "substitution permitted" indicated on the prescription are actually filled with a generic.

But according to the study, which was based on interviews of 600 chain and independent pharmacists, although it appears on the surface that branded companies are losing their battle for market share, they have a potential to grab an 80% share of the prescription drug market, as compared with a 73% potential for the generic companies.

The study uncovered that, on average, over half (53%) of all prescriptions are written for a brand, but with generic substitution allowed, while an additional 27% of prescriptions filled by pharmacists are written for the brand drug only, with no substitution allowed. In total, that gives the branded companies an 80% (53% + 27%) potential for getting prescriptions filled with their products.

The potential for the generic companies is somewhat lower (73%) because, while the potential is the same as for the branded drugs in the number of prescriptions written for the brand with generic substitution allowed (53%), only an additional 20% are written generically (53% + 20%).

Most-substituted categories

When pharmacists who participated in the survey were asked to choose the most-substituted therapeutic categories from a list of 14, more than half reported that generic substitution was common to 12 of the 14 categories on the list.

Four of the most commonly substituted categories were analgesics (reported by 92% of the pharmacists), antibiotics and diuretics (both 91%) and tranquilizers (88%). Other frequently substituted categories were anti-inflammatory agents (84%), cough medicines (81%), antihistamines and antiarthritics (79%).

When the pharmacists were asked to pinpoint the one category that they believed was most substituted, antibiotics took top honors with 35% of the vote, followed by analgesics with 26%.

One in five (20%) pharmacists said that substitution was so widespread he or she could not identify any one category as being most substitutable.

Brands most substituted

By far the most substituted brand product was Tylenol with Codeine #3, reported by nearly one-third (31%) of pharmacists.

The next most heavily substituted branded drugs were Hydrodiuril (reported by 13% of the pharmacists), Amoxil (12%), Motrin (10%) and Persantine (5%).

One interesting fact uncovered by the survey was that more than twice as many chain pharmacists were likely to substitute Amoxil as were independents.

Why pharmacists substitute

Over 80% of the pharmacists surveyed said that cost savings to the customer and therapeutic equivalency were "very important" in their decision to substitute. Another reason reported by a smaller percentage of pharmacists (69%) was patient request of a generic drug.

Other reasons given were product availability (rated by 55% of the pharmacists as "very important"), improving profit (42%) and store/company policy (31%).

The study showed that rebates and other incentives played a very small role in the pharmacists' decision-making process, with only 4% of the sample citing that reason as "very important." But while, overall, rebates and incentives did not score high, these were more of a factor for independents than chains.

When asked to pick the one most important factor in their decision-making process, nearly half (46%) picked cost savings to the customer. Other "most important" factors included therapeutic equivalency (chosen by 20% of the pharmacists), patient request (13%) and improved profit (9%).

Substitution trends

As one might expect, a whopping 94% of the pharmacists surveyed thought that generic substitution had increased over the past two year, while 92% thought it would continue to increase over the next two years. Both chain and independent pharmacists estimated that substitution, on average, had increased 33.7% over the past two years and will increase 27.2% over the next two years.

Most often substituted therapeutic categories

Category	Total	Independent	Chain
Antibiotics	35%	26%	39%
Analgesics	26	28	26
Diuretics	7	8	6
Anti-inflammatory agents	4	6	3
Cardiovascular agents	3	5	2
Tranquilizers	2	1	2
Cough medicines	1	1	1
Antihistamines	1	2	—

Note: Percentages may not add to 100% due to rounding
Source: Lebhar-Friedman Research

Study indicates generic cost savings uppermost in consumers' Rx priorities

When pharmacists were asked to give their perceptions of the way generics are viewed by the average consumer, they overwhelmingly said that consumer reaction to generics is positive.

According to the exclusive *Drug Store News*' study on generic substitution, 82% of the pharmacists polled believed that generics are more accepted today by consumers than ever before. Only 14% said they thought that consumers' reaction to generics was neutral, and an even smaller percentage (4%) believed that consumer attitudes toward generics were negative.

Six in 10 pharmacists cited a cost savings to the consumer as the major reason for their positive reaction to generic drugs. A second major factor, the study showed, is that consumers believe generics to be therapeutically equivalent to brand drugs. Another 10% of the pharmacists believed that reassurances given by the pharmacist/physician was also a driving force behind consumers' acceptance of generics.

Nearly all (91%) of the pharmacists interviewed said that today's consumer is asking more questions about generic drugs than ever before.

Pharmacist confusion

But the study showed that while pharmacists generally agreed that generics are good for their business, they were also somewhat confused over state formulary restrictions.

According to the study, half of all the pharmacists interviewed believe that the state in which they practice has a formulary, but when examined by state, there was often disagreement among the pharmacists as to whether the state does, in fact, have a formulary.

The study also showed that, by and large, the generics companies are doing a good job of getting their product into distribution.

Among those pharmacists who do practice under a state formulary, 70% felt that it was "not too" or "not at all" difficult to find acceptable generics listed in the formulary. Only 6% said that it was "extremely" or "very difficult" to find an acceptable generic.

Best suppliers

The pharmacists were asked to choose those suppliers they felt were "most readily available" with their product. Fifteen of the 21 suppliers investigated were considered to be among the "most readily available" by 40% of the pharmacists.

While 11 generics suppliers were cited by more than 50% of the pharmacists as being "readily available," only two grabbed more than 70% of the pharmacists' vote. They were Rugby (79%) and Barr (75%).

Most important reasons pharmacists gave for substituting a generic drug

	Total	Independent	Chain
Cost saving for customer	46%	48%	46%
Therapeutically equivalent	20	16	21
Patient request	13	12	13
Improve profit	9	12	8
Store/company policy	6	2	7
Third-party requirement	2	5	1

Source: Lebhar-Friedman research

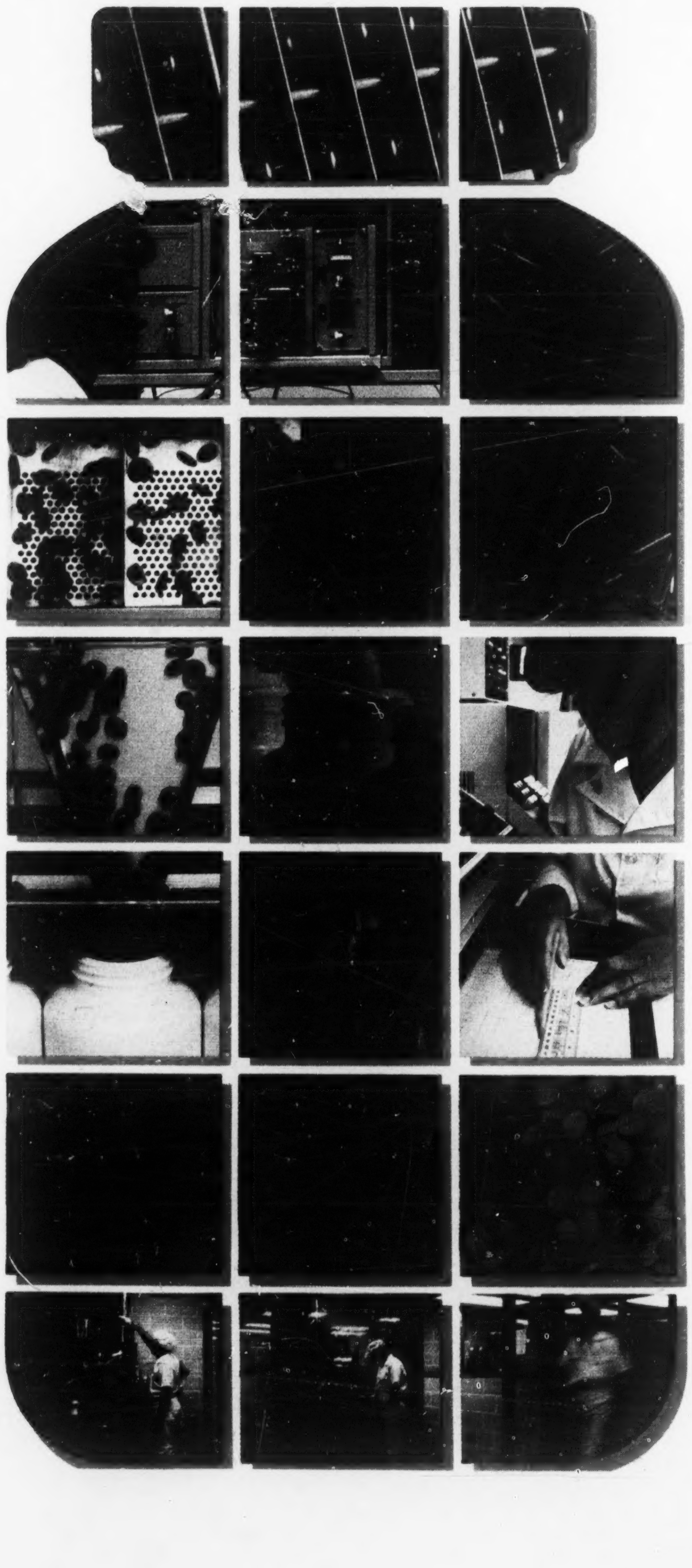
Study vital statistics

The stores in the sample fill an average of 70.3 new prescriptions and 53.3 refill prescriptions, with chains filling more prescriptions than independents. An average 39% of total annual sales are generated from prescriptions.

The pharmacists queried are most likely to hold a B.S. degree and have an average of 15.2 years of retail experience (independents having more experience than chains).

A third of the independents interviewed are store owners, and more than half of the chain store pharmacists are pharmacy managers.

What Goes Into A Bolar Generic?



Every time you dispense Bolar generics, be assured that you're also dispensing our reputation for excellence and value. Because every Bolar pharmaceutical is the result of our uncompromising standards for quality and consistency. Standards that can be easily measured by the sophistication of our manufacturing process and our advanced research and development facilities.

Equally important is the total effort exhibited by our people. They bring a true dedication to Bolar every working day...an attitude that is reflected by the quality found in every Bolar generic. We depend on them, so you can depend on us.

A name you can depend on.

BOLAR Pharmaceutical Co., Inc.

33 Ralph Avenue P.O. Box 30 Copiague, NY 11726-1297
(516) 842-8383

Manufacturing facilities located in:
Copiague, NY and Humacao, Puerto Rico

Circle #023 on Reader Service Card

Branded multi-vitamins: Staple of chain promotions

The byword in vitamin performance is stability.

While chains such as Harco and Kinney will emphasize private label promotions to reach low price points and earn greater profits, many buyers are sticking to promotions of branded multi-vitamins and supplements to meet demand.

Austin Drugs, for instance, keeps vitamin sales up by promoting branded multi-vitamins such as Lederle's Centrum, Squibb's Theragran M, and Parke Davis' Myadec, along with the Nature's Bounty and Nature Made natural vitamin brands, according to Tom Fannon, pharmaceutical buyer.

"Most of our stores are in fairly affluent areas, so the price point (of brands) doesn't make that much difference," noted Fannon.

Less affluent markets

Yet branded vitamins are also selling well in less affluent Southeastern markets, according to a buyer at one Southeastern drug chain.

"We're promoting more now, because (the category) represents a lot of dollars," the buyer noted. The chain's advertising this year will group up to six branded items per ad "to give the customer a choice," he said.

Although brands are holding their own, according to chain drug buyers, vendors are launching or pondering introductions of restaged products to stimulate what has been relatively flat growth in recent years. Parke Davis is "taking a look at the possibility of restaging Myadec to capitalize on some trends we see in the market," a Parke Davis merchandiser said. It could involve a reformulation, new packaging or a repositioning, she said.

Rexall Group is strengthening and updating the formula of its Plenamins line in a new product called Plenamins Plus that will hit shelves Sept. 1. "We feel the time has come for some new entries," said Jerry Rayman, executive vp, Rexall consumer products division.

Repositioning expected

And retailer souces said they anticipate a repositioning of Theragran M to surface this year, perhaps involving repackaging, since Squibb has been offering closeout-style deals. Squibb's plans for the product could not be confirmed with the vendor.

"The entire category has a slow and steady growth rate ahead of it. What we're looking at is growth through segmentation" with revised formulas targeted at specific groups," the Parke Davis spokesman explained.

Chains are striving to improve their private label lines that typically garner 10% better margins than branded and sell at 20% to 25% lower price points.

Kinney will be giving its Ford Labs-made private label vitamins more promotional exposure when it adds an extra page for private label advertising to its circular. It has also changed its pricing strategy to capture more private label profits by standardizing its prices against the national brands, according to buyer Bob Burtis.

"We were low-balling things. But last year we changed from competitive pricing to pricing against the national brand," Burtis noted. Now private label is priced for at least a 25% savings against the brand.

"I've found sales haven't been hurt that much," Burtis noted.

Buy-one-get-one-free

Burtis is opposed to the trend of buy-one-get-one-free promotions since "all you're doing is cutting your gross."

But such promotions have the advantage of keeping the private brand in the forefront and capturing new customers, in the view of Austin's Fannon, who runs them twice a year.

Likewise, Harco pushes its Ford and Fresh Labs-made private label with the two-for-the-price-of-one strategy that has helped boost its vitamin sales last year 15%, said buyer Keith Connell.

Chains have had mixed results with daily packs. One Northwest drug chain has posted steady sales of the Your Life line with packs for men, women, stress and seniors, with a seven-day supply of women's vitamins on special for $2.29.

Promotes via tabs

This chain achieves strong growth with the Nature Made natural vitamins line promoted through four-page tabs and in coupon books, where such popular supplements as vitamins C and E are also featured.

The coastal chain prices its private label against rivals such as Fred Meyer and Osco.

At Tom Thumb/Page, daily packs by P. Liener and Nature Right have done "extremely well" when put next to the Page Drugs stores' 12- to-16-foot, pharmacy-adjacent vitamin display, said buyer Jim Kyle.

Multi-vitamins stay strong

Form	1986 retail sales (in millions)	Share
Multi-vitamins	$1,170	40%
Calcium/minerals	556	19
Vitamin C	380	13
B-complex/stress	322	11
Vitamin E	263	9
Other	176	6
Protein	58	2
Total	2,925	100

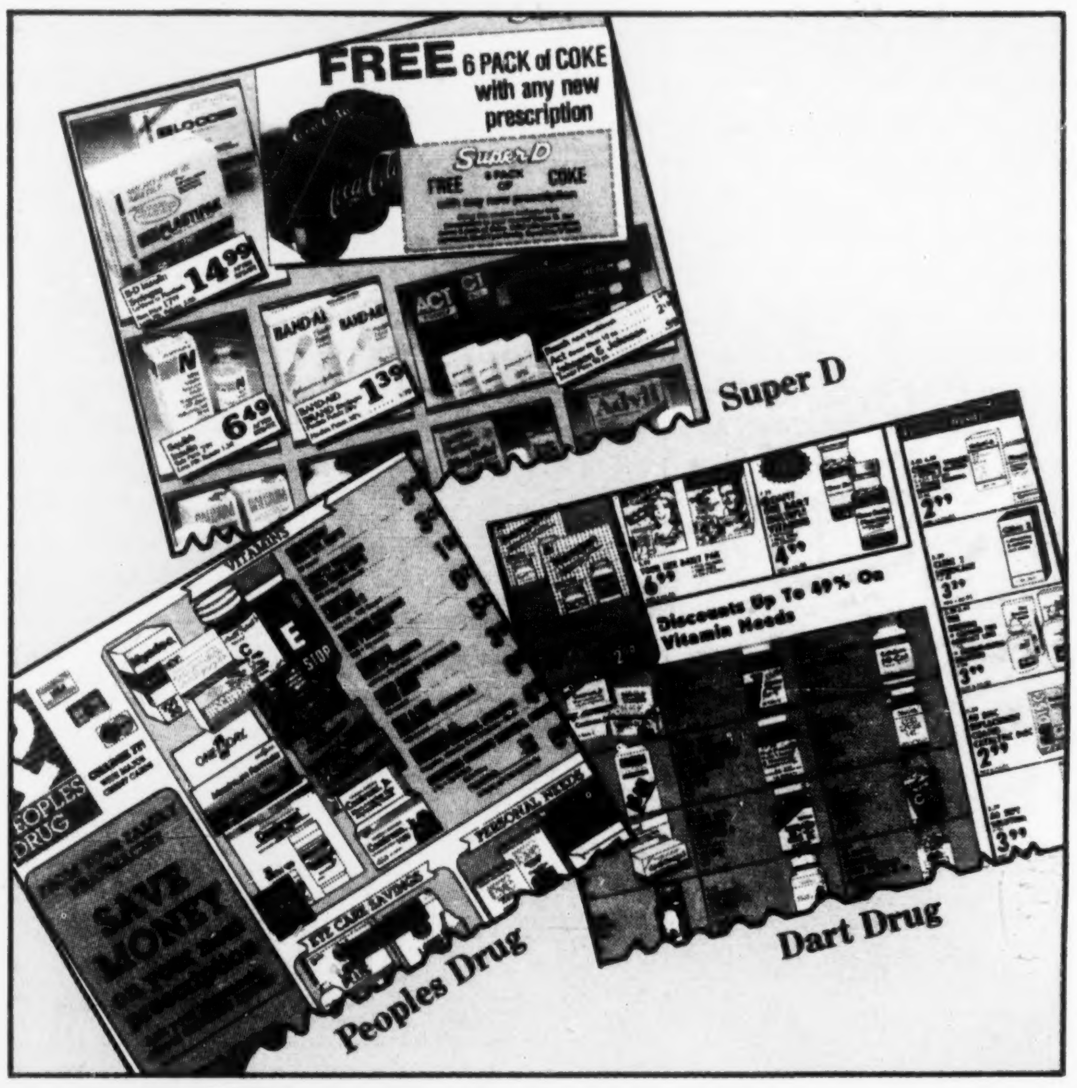
Source: Business Communications Co., Inc., Norwalk, Conn.

Health food store lose vitamin share

(percent of retail sales)

Category	1983	1985
Drug store/Discount store	31%	32%
Supermarkets/Food	16	20
Health food stores	29	25
Direct selling	12	13
Mail order	8	7
Other	4	3

Source: Council For Responsible Nutrition



Retailers see mixed success with fish oil products

Kinney Drugs' experience last year with fish oil is emblematic of the mixed success chains are experiencing with the product.

Kinney posted disappointing sales in March when it advertised Parke Davis' (Warner Lambert) Promega in a weekly newspaper ad. But it then gained two to three times the sales of that promotion in a May promotion of Squibb's Proto-chol, which was pushed via mail-out circulars, according to buyer Bob Burtis.

"I'm not sure if it was the vehicle or the product" that produced larger sales, said Burtis. As a result of this experience, Burtis isn't ready to jump wholeheartedly onto the fish oil bandwagon. He's taking a wait-and-see attitude this year.

"The fish oil sales do seem to be increasing, but they're not doing what they say it's doing," Burtis concludes.

Vendors' projections

Indeed, vendors' projections for 1987 fish oil sales growth seem somewhat wishful, based on buyers' reports that the category isn't making waves.

Spokesmen from several major fish oil vendors said that retail sales—in the $20 million to $25 million range in 1986—will hit $100 million this year.

"You've got to have $100 million to split up three ways" and make the product profitable for Squibb, Parke Davis and Thompson Medical, the three leading branded vendors, noted one manufacturer's spokesman.

Since drug chains, and mass merchandisers in general, are the leading outlets for the product, turns are going to have to pick up this year to meet that sales goal.

"It's not anything great," said Tom Thumb/Page buyer Jim Kyle, who stocks his shelves with Promega and private labels by R.P. Scherer and P. Leiner. Kyle rejected Squibb this year to avoid the vendor's on-pack coupons, which he feels date the product on the shelf

Sees exposure cutback

"It has not been the product that a lot of buyers and manufacturers anticipated," said Harco buyer Keith Connell, who carries Squibb, Thompson Medical and a Max Epa private label from Ford Labs. Connell envisions cutting exposure if vendors pull back on advertising support, which he thinks is a possibility.

With Promega and Proto-chol, Austin Drug is looking for an upturn. "They were great out of the gate, but they seem to have waned a little bit," said buyer Tom Fannon, who is keeping the same number of facings.

Fannon thinks it's too early for private label. "I'm playing cautiously because of the fiber category. It went very well for about six months and then flattened out in the diet aid segment," Fannon noted.

Some buyers were upbeat over Parke Davis' move creating Promega Pearls to compete on the lower price level, with the 300mg brands. Price resistance has been a key factor limiting sales, some said.

Concern over Pearls

But buyers also express concern that the Pearls' formulation doesn't send a clear price/value signal to the customer. While the Pearls give more capsules at a lower price, the recommended daily capsule intake is higher. Also, as one buyer noted, recommended doses remain "very non-specific."

Press reports discussing studies that reflect negatively on fish oil's alleged benefits have impacted sales at certain chains, their buyers felt.

Vendors say a spate of positive medical findings are surfacing and professionals will be putting more of their weight behind this provocative product.

Said Jenny Armstrong, product manager for Parke Davis' Promega:

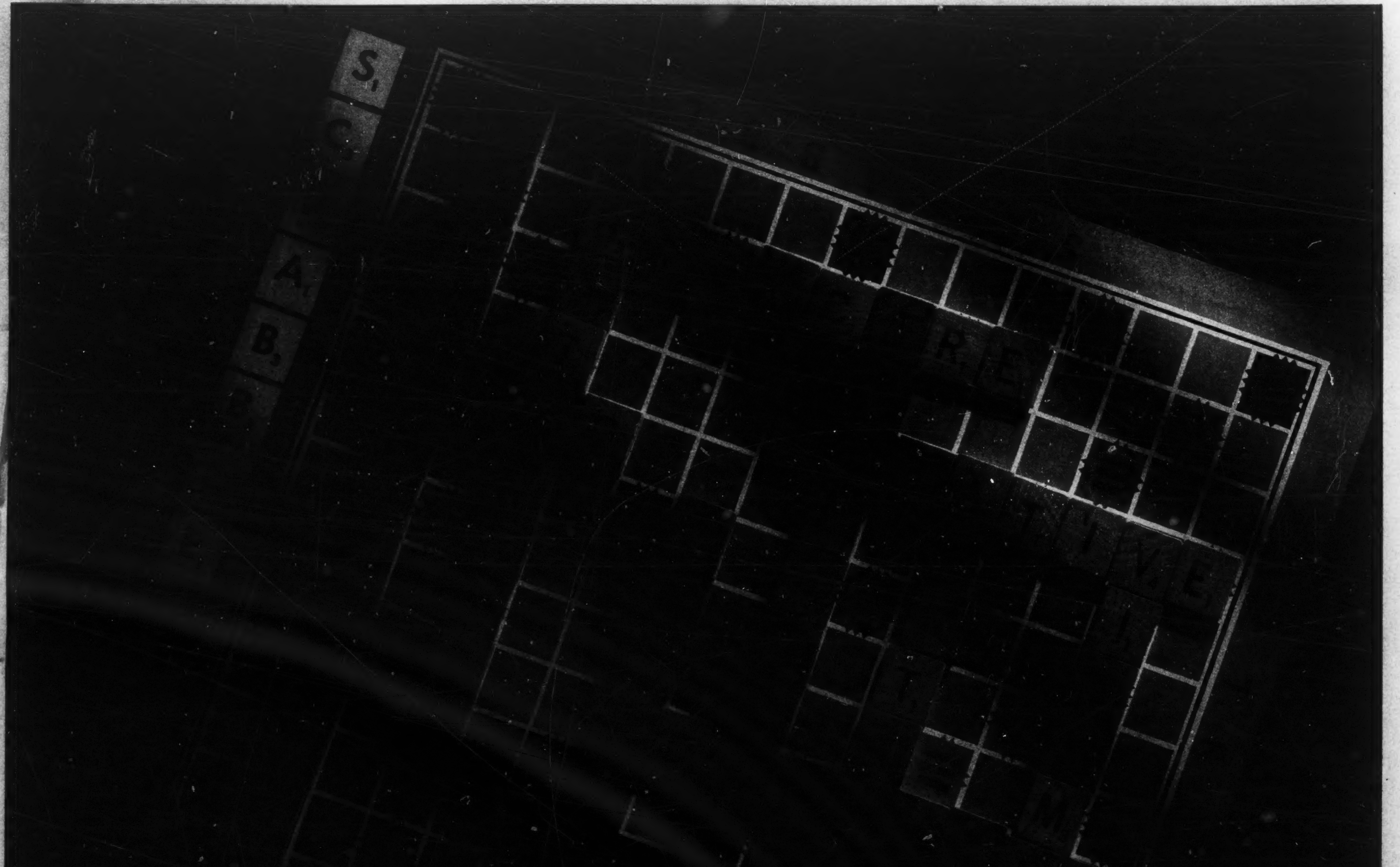
"I think you're going to see a lot more positive press. The clinical evidence is stronger and stronger every day, and I think that will continue to support sales growth, as professionals become educated in the category."

7/6/87 C5150-2

DRUG STORE NEWS®

KEVIN KENDRICK DR
CONGRESSIONAL INFO SVC 1F8
4520 EAST WEST HWY STE 800
BESTHESDA MD 20814

Vol. 9/No. 14 **Serving chains, wholesalers and high-volume independents for 58 years.** Published by Lebhar-Friedman Inc. July 6, 1987



Triple A products spell P-R-O-F-I-T-S

See special section pages 15-73

Cohen's Capsules:
Physician dispensing battle is just beginning—p. 81

Trends:
Triple A study shows leading products—p. 15

C.E. Lesson:
Diabetes mellitus treatments discussed—p. 89

DRUG STORE NEWS®

Vol. 9/No. 14 **Serving chains, wholesalers and high-volume independents for 58 years.** Published by Lebhar-Friedman Inc. July 6, 1987

Brooks' plans are unclear after Sudhaus' departure

By Al Heller

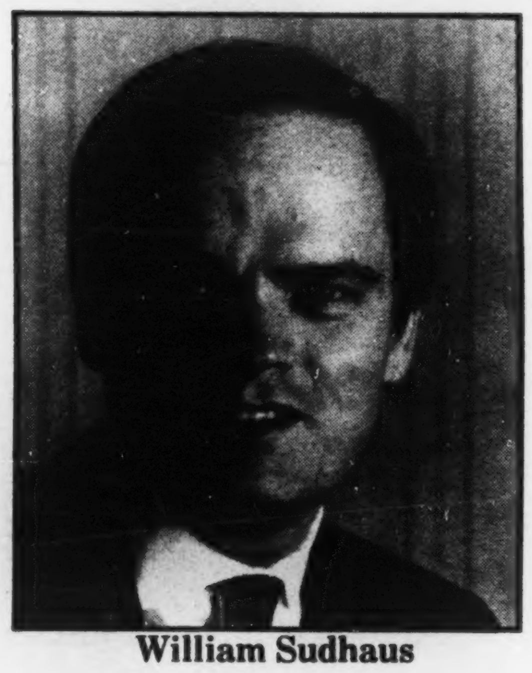
PAWTUCKET, R.I.— The departure of William Sudhaus as president and ceo of Brooks Drug is a puzzling move for the chain of 375 bantam drug and health and beauty aids stores.

Theo Folz will continue as chairman and become ceo and acting president immediately. A company source said Brooks has no current plans to seek a new president.

Folz will also retain his president and ceo spot at Consolidated Cigar, a sister company. Sudhaus, a former oil company president and investment banker, will take on unspecified energy-related activities within parent MacAndrews & Forbes.

Future of programs

While the moves raise many questions, Brooks officials refused to elaborate on plans. Folz was out of the country and unavailable for comment at presstime.


William Sudhaus

Folz's dual role at two companies and the replacement of Sudhaus, a nonretailer, by another nonretailer, cause market sources to question the drug chain's commitment to continue multi-pronged programs begun under Sudhaus, which were meant to raise the chain's productivity and public image.

Those steps included more competitive pricing, consumer polling and a new "look to Brooks" ad campaign to position the chain as a convenient health care retailer. Indeed, Sudhaus had told *Drug Store News* that pharmacy accounted for 30% of chainwide sales and 36% of volume in the stores housing prescription counters. More recent estimates indicate that the pharmacy share has ticked up a few points. About 85% of the chain's stores have pharmacies.

"We're not a discounter, but we won't be a high-priced player anymore," Sudhaus vowed at the start of his helm.

Less general merchandise

Remerchandised stores would have less general merchandise such as housewares and toys, and possibly experiment with optical departments and video rental cen-

See **Brooks,** *page 93*

Cosmetics is among core drug store categories to get extra footage, as Pay 'n Save moves to reformat all stores by mid-August.

Pay 'n Save to open 60,000-sq.-ft. stores

SEATTLE — Pay 'n Save will open about 20 60,000-square-foot stores in Alaska and Hawaii, starting near Labor Day, which will include apparel departments of 6,000 square feet. The chain has also brought in Ruth Bell, a former apparel vp at Caldor, to head up the soft goods efforts.

These are among steps Pay 'n Save will take as it moves to saturate existing markets either by acquiring or opening new stores, Gerald Nathanson, vice chairman, president and ceo, told *Drug Store News* after the company's recent annual meeting.

The chain is also beginning to roll out its reformatted stores, in an effort to return to its core drug store roots.

Expansion plans

Expansion plans include opening stores in "as many neighborhoods as possible," he added. Nathanson expressed interest, for instance, in Capitol Hill, Queen Anne and West Seattle—all Seattle-area locations. Nathanson said the chain is also eying greater concentrations in Juno, Alaska; Hawaii; and San Francisco, where it recently picked up two more former grocery sites, making 11 locations in that city.

Nathanson explained the company is helping its already strong cash position by entering into many sale-leaseback

See **Pay 'n Save,** *page 93*

Chain returning to core drug mix

By Pamela Krein

SEATTLE — The customer has won.

After a disastrous attempt to change its merchandise mix to low-quality imports, Pay 'n Save is returning to its core drug store roots. By mid-August, the chain said, all 100 stores will be reformatted with the typical super drug store selection.

It was just last year that the company, under the direction of then chairman Bill Zimmer-

See **Core mix,** *page 93*

Longs bids Phoenix adios as part of deals with Osco

By Dave Vaczek

WALNUT CREEK, Calif. — Longs Drug is leaving the Phoenix market with its sale of 10 stores there to Osco Drugs. The deal gives the American Stores subsidiary a leading share of the fast-growing retirement mecca.

That sale is part of a larger transaction, in which Osco is also buying five Longs stores in Tucson, Ariz., and selling 11 northern California stores and one in Colorado to Longs. This enables both chains to concentrate on markets in which they are already strong.

The 670-store Osco chain will raise its share of the $500 million (drug store sales) Phoenix market to an estimated 30%. Walgreens and Revco, the other leading chains there, each have about 15%-20% shares, sources said.

The sale ends a four-year bid by Longs to establish a permanent home in one of the

See **Longs,** *page 93*

Longs slows its Arizona growth
(Stores with pharmacies in Arizona)

Chain	Stores
Walgreens	67
Thrifty	32
K mart	20
Drug Emporium	7

Source: Arizona State Board of Pharmacy

LATE NEWS

- CAROL STREAM, Ill. — Fast-growing FoxMeyer opened a new distribution center in this suburban town west of Chicago June 28. The 340,000 square feet automated facility will be the nation's largest drug warehouse.

- NEW BEDFORD, Mass. — Maxidrug, the deep discounter owned by Canadian parent The Jean Coutu Group (PJC), opened its second store in this state here June 25. At 17,000 square feet of selling space, it is about 40% larger than the first store, said vp George Neville.

- PORTLAND, Ore. — Fred Meyer executives told shareholders at the company's annual meeting that the chain will install pharmacy computers this year and expand scanning to include nonfoods. Cyril Green, president and coo, also said Fred Meyer will open four new stores this year and four or five stores in 1988.

Revco searches for buyers of Carls Drug

By Jim Frederick

TWINSBURG, Ohio — In line with its accelerating divestiture program, Revco D.S. has put its 45-store Carls Drug Co. division on the selling block and is reportedly making progress on an agreement to sell the Rome, N.Y.-based drug chain.

To help reduce debt incurred in last year's $1.16 billion leveraged buyout of the company, Revco is also moving to sell some 50 stores in the upper Midwest and has already contracted to sell several of its ancillary businesses.

Some apparent results

Revco has retained the New York-based investment banking firm of Salomon Brothers, which acted as underwriter in its LBO, to seek a buyer for Carls. Salomon has reportedly approached executives of several drug chains in search of possible buyers, with some apparent results.

"We have at least two possibilities as buyers for Carls," Revco's chief financial officer, Vito Cardace, told *Drug Store News*. "We're looking to divest the chain as a whole company, rather than piecemeal."

A spokesman at Salomon confirmed that "we are marketing Carls," but refused to provide details.

Ahead of schedule

Cardace also reported that Revco's complete divestiture program, set in motion early this

See **Revco,** *page 93*

NEWS IN BRIEF

NACDS honors 11 high school seniors

ALEXANDRIA, Va.— NACDS honored 11 high school seniors for their outstanding performances in the working world at the recent Careers Magazine Leadership Awards ceremony April 7 in Washington, D.C. Hosted by the U.S. Chamber of Commerce *Nation's Business Magazine*, the program included guest speakers Dan Danners, special assistant to President Reagan, and U.S. Chamber president Richard Lesher.

The students were selected from more than 500 entrants to be recognized for their work as employees or entrepreneurs, and each received a $1,000 scholarship.

Co-sponsoring the event with NACDS were Artcarved Class Ring Corp., Burger King and the Chase Manhattan Bank.

Supermarkets General taps new officers

WOODBRIDGE, N.J. — Supermarkets General has elected new top officers after Merrill Lynch & Co. gained 85% of company common stock through its $1.8 billion tender offer, which thwarted the Dart Group's buyout attempt.

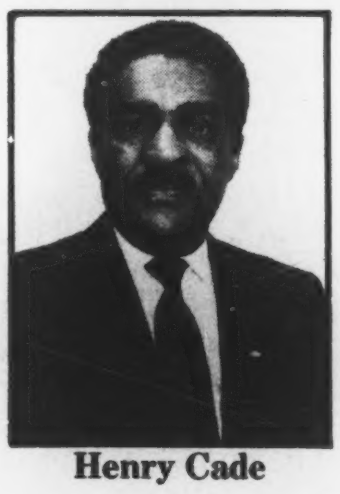
The brokerage firm also said it has named eight designees of Merrill Lynch as directors, which will give it a majority of board seats. It expects to complete the buyout with a merger later this year.

The reorganization of top officer posts follows the resignation last month of chairman Leonard Lieberman, who elected not to participate in the LBO.

Kenneth Peskin, most recently president and chief executive of the Pathmark division, was elected chairman and chief executive.

James Dougherty, previously executive vp, secretary and general counsel, was named president. Also, Jack Futterman, most recently president and chief executive of the drug store merchandising division, was elected vice chairman, filling a vacant post.

Walgreens' Cade named NABP president


Henry Cade

DEERFIELD, Ill. — Henry Cade, manager-public affairs and professional relations for Walgreen Co., has been named president of the National Association of Boards of Pharmacy.

A 1948 graduate of Michigan's Wayne State University College of Pharmacy and of the University of Chicago's MBA program, Cade becomes the first black to serve in a leadership role in the NABP's 83-year history.

Cade has held various pharmacy-related management positions with Walgreen since joining the chain in 1959.

He has been a member of the National and American Pharmaceutical Associations, is a past chairman of the Illinois Board of Pharmacy and has been president-elect, vice president and an executive committee member of NABP.

Curtin joins Fay's legal department

LIVERPOOL, N.Y. — Fay's Drug has named Paul Curtin Jr. as assistant general counsel and assistant secretary in its legal department. Curtin, who will report to Warren Wolfson, vp-general counsel, was previously general counsel to Community Technology Inc.

INDEX

Beauty Beat 76
C.E. Lesson:
Diabetes Mellitus . . . 89
Editorial 8
Financial 94
Lawrence: What's New 16
People in the News . . 12
Pharmacy 81
Product Update 78
Trends: Triple A 15

Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in April, as well as an extra Annual Pharmacists Guide to OTC Patient Counseling in October, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: Infield subscribers, retailers and wholesalers, one year $19.50; two years $35. Out-of-field subscribers, manufacturers, schools, libraries and all others, one year $39. Single copy rate $2. Foreign subscriptions: Airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1987 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks notice to Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.
Vol. 9, No. 14 July 6, 1987

Drug Emporium to launch in Knoxville and Nashville

NASHVILLE — Drug Emporium is preparing to penetrate two new markets in Tennessee.

A franchised Drug Emporium will open in Knoxville toward the end of this month, and a second franchised store was expected to open in Nashville the first week in July.

"We started fixturing (Knoxville) May 25, so I expect it to be ready," noted Drug Emporium executive vp Gary Wilber.

Wilber said the chain has slowed its expansion pace somewhat from previous years, but will still open 25 to 30 new stores in 1987. Among them will be a Philadelphia-area store, slated for the end of July.

The Knoxville store will be the first deep discount drug store in its market, while the Nashville unit will be the second. An Ike's deep discount store opened in Nashville in mid-May.

John Brewer, the franchisee for Knoxville, and Harvey Hayes, the franchisee for Nashville, both told *Drug Store News* they will invest heavily in TV, radio and print ads to build awareness for Drug Emporium in these virgin markets.

Prices, selection, service

Both said the ads will stress Drug Emporium's "prices, selection and service," and that they will be used to educate consumers to the advantages of shopping for health and beauty aids in a deep discount drug store rather than in a traditional drug store, a supermarket or a mass merchandise store.

They agreed that Nashville and Knoxville each have strong economies, a preponderance of mid- to high-income families and a dearth of deep discount competitors. Neither considers local food stores or the local Walgreens and SupeRx competitors to be sharply priced.

Brewer is estimating that his first Knoxville unit will be able to generate at least $3.5 million a year in first-year sales.

Hayes was more reticent about first-year projections for his Nashville store, but $3 million is about average for a Drug Emporium's first-year sales. A mature store after four or five years can do as much as $10 million a year in sales.

140 stores by year end

Drug Emporium, as a company, currently has 123 stores opened, and Wilber said the company should have a total of about 140 stores by year end.

Wilber added that Drug Emporium, which is the country's largest chain of deep discount drug stores, should open a total of about 30 stores in 1987, more than two-thirds of them franchised units.

In Nashville, Hayes hopes to open at least two stores this year and has a second lease signed for a shopping mall that is set for construction.

Hayes said he believes he can open a total of five stores in the Nashville marketplace over the next three years.

In Knoxville, Brewer estimates he can open about four stores by May 1988.

"We think we can open at least two stores in Knoxville itself," he said, "and at least two more in the neighboring tri-city area, where we also have the franchise rights."

H&BA dominance

Sources in both markets said they believe the dominant share of health and beauty aid sales may belong to food stores in this marketplace, particularly to Kroger, which has about a 70% share of food store sales in Nashville.

Mass merchandise chains such as K mart and Wal-Mart are also doing a strong business in H&BA sales. But Hayes and Brewer felt they could beat them on price and be competitive on brand name selection and service.

They also feel they have an edge over the conventional drug stores because they rely more on convenience to generate H&BA sales. Some sources, in fact, estimated that the traditional drug chains in Knoxville and Nashville are taking mark-ups of between 30% and 50% on their everyday H&BA items. That leaves plenty of room for deep discounters to undercut them.

Food and mass merchandise chains are said to be taking mark-ups more in the vicinity of 20%-40%.

Drug Emporium's mark-ups are traditionally much lower, 25% and less, sources estimated.

Chain growth parallels N.C. rising economy

Crown lays plans to add 5 by '88

ADVANCE, N.C. — Crown Drug is making hay while the Sunbelt shines.

With its home state basking in a growth economy, the 19-store chain based in a suburb of Winston-Salem has launched a major expansion drive.

"The opportunity is there," said Ray Gentry, Crown's president.

"Shopping centers are going up, it seems, on every street corner, and the money rates are down. The developers are calling every day," he observed.

Expansion plans

Crown will add five stores in the next year (making 24 stores by June 1988), after completing in January a warehouse addition that provides badly needed storage capacity.

The chain just signed three leases for new stores and is negotiating two more. It opened its 19th unit Feb. 25 in a 120,000-square-foot center with a Rose's discount department store in Kernersville, seven miles east of Winston-Salem, Gentry said.

Growth will be confined to within a 70-mile radius of Winston-Salem, to stay in one television market and have efficient warehouse deliveries. "There are plenty of untapped markets within that 70-mile radius," Gentry noted.

The new stores will have a new look. Crown, with stores averaging $1.5 million annual sales, has set up a prototype in which a central aisle angles diagonally from the front door to the opposite rear corner. It gives endcaps maximum exposure to entering shoppers. Gondolas are heightened to 66 inches from 54 inches.

"We had been building the drug stores of the '70s. Now we've decided to start building the drug stores of the '90s," Gentry said.

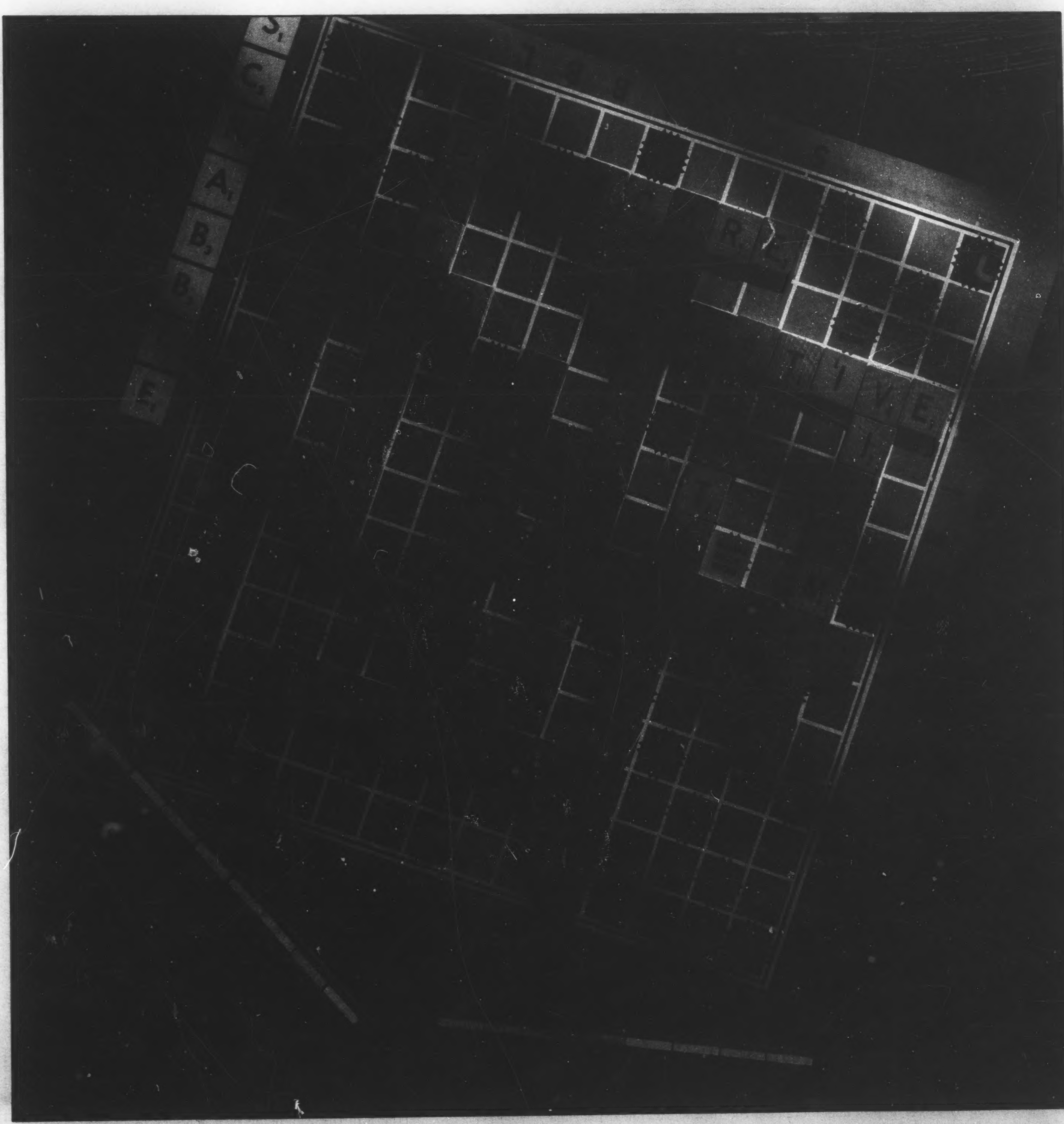
The new warehouse wing relieves cramped storage conditions, in which there was a lack of adequate room even to stage and break down deliveries. With total space of 53,000 square feet, the warehouse can now handle planned short-term store growth and can better handle truckload buys and bulk merchandise, Gentry said.

The 325-employee chain is using an employee stock purchase plan, combined with earnings and loans, to fund growth costs. Employees, in what Gentry said has been a well-received program, can buy Crown stock with a value of up to 10% of their annual income, not exceeding $10,000.

A vestige remains of small in-line sections of Crown's home health care business, which the chain phased out in 1985 because of the high demand it put on space, personnel and dollars. Crown is committed instead to optical departments. Three shops, in Winston, Lexington and Mocksville, which have licensed opticians, lens grinding and full lines of discounted eye wear, average $300,000 annual volume.

Clarification

PITTSBURGH — Thomas Sigerstad, recently named to the post of vp-marketing at Thrift Drug, will report to Larry Rose, executive vp-marketing, merchandising and distribution. Rose is part of a new three-man Office of the President.



Triple A products spell drug store P-R-O-F-I-T-S

During the past year of single-digit drug store sales growth, retailers have relied more heavily on the performance of Triple A products than ever before.

Indeed, they've had to, as core health categories and selected general merchandise products became the focus of retail efforts. That is the way drug stores are remaining distinctive in the marketplace as health care providers and stores of convenience.

In this report, the 18th Annual *Drug Store News* Triple A Product Study, performance-leading products are cited for their strong sales, profits and unit movement contributions to drug stores in 1986.

Many are familiar names and established products, but a number of new offerings from key manufacturers in a broad range of categories also penetrated the upper ranks.

Stationery, for instance, is a prime example of how new colors, packaging and products armed retailers with fresh merchandising angles to build department productivity.

Retailers expressed to *Drug Store News* their growing perception that stationery has developed into a core category and a 12-months-a-year business.

The department is earning more footage, as retailers tap store performance, generate extra visits from a broader shopping base and improve quality image.

Drug store merchants seek similar positioning in their photo departments, where consumer attention to the 35mm camera format is given its due. By catering to that shopper preference, drug store operators are better able to attract picturetakers of all grades.

Retailers recognize that consumers are growing more serious about photo results, and are willing to spend for easy-to-use, quality 35mm cameras, branded and private label films and consistent photofinishing.

In batteries, a related category, drug stores helped themselves to a greater share

Continued on page 16